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MANAGEMENT INSPECTION BY THE INSPECTOR GENERAL OF THE SUPPLY CORPS

by

LCDR Frederick J. Kirch, SC, USN

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MANAGEMENT INSPECTION BY THE INSPECTOR GENERAL OF THE SUPPLY CORPS

By

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Bachelor of Business Administration

St. Bernardine of Siena College, 1952

A Thesis Submitted to the School of Government and Business Administration of The George Washington University in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

April 30, 1966

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THE INSPECTOR GENERAL must have a horse allowed him and some soldiers to attend him and all the rest commanded to obey and assist, or else the Service will suffer, for he is but one man and must correct many and therefore he cannot be beloved.

AND he must be riding from one Garrison to an other to see the soldiers do no outrage nor scath the country.

Articles of War Issued by
Charles I, 1629

PREFACE

The size, diversification, complexity, and geographical dispersion of modern United States military operations have accentuated the problem faced by the chiefs of the various bureaus in maintaining control over their shore (field) activities. Since personal observation is no longer possible in most cases, many bureau chiefs have turned to their inspectors general for assistance in strengthening the system of managerial control in all areas of operations.

Never in the history of our Government, and in particular, the Department of the Navy, has the need for a more effective and economical operation been greater. Within the Navy Department, the Bureau of Supplies and Accounts has been designated as the agency responsible for the: (a) development and direction of the Navy Supply System; (b) development and promulgation of policies and methods governing the supply management of naval material and (c) the development of plans and procedures for the performance of supply functions afloat and ashore.[1]

Knowledge in the Bureau of the way each shore activity is functioning is imperative. Some of the questions whose answers it must know are: How are plans carried out, results reviewed, and improvements finally accomplished? What are the problems pertaining to the shore organization's

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[1]U. S. Department of the Navy, Report of the Special Committee Appointed by the Assistant Secretary of the Navy to Study the Logistic Support of the Navy, Chapter II (Washington, D. C.: June, 1965), pp. 45-46.

plans and objectives, policies and practices, systems and procedures, methods of operations, and human and physical facilities?

The Bureau must also be aware of each shore activity's weaknesses in organization, poor policies, loose standards or performance, inadequate physical equipment, lack of training and development of personnel, and inaccurate reporting, which can all contribute to poorly managed activities.

Management inspections (surveys) serve as a check on the abilities of management at all levels. This inspection service is designed to determine potential danger spots, to highlight possible opportunities for improvement, to observe the performance and evaluate the effectiveness of controls, to assure management that bureau policies and procedures are being complied with, and to generally check the efficiency of the supply operations.

The purpose of this study is to determine if the present methods used in conducting management inspections are adequately appraising and reporting performance of the shore (field) activities. The role of the Inspector General of the Supply Corps in the appraisal of the Navy Supply System will be discussed.

During the period when the author was attached to the Office of the Inspector General of the Supply Corps as an Administrative Assistant, he became acquainted with the many letters, instructions, directives, and reports associated with not only management inspections, but also with internal audits conducted by the Auditor General of the Navy. As a member of various inspecting teams traveling to points around the world, the author was able to get an on-site view of the techniques used by the Inspectors

General and their staffs and the methods and staffing criteria concepts utilized by the Manpower Validation Program teams.

The author is deeply appreciative of the wholehearted cooperation and assistance he received from the many persons contacted during the research phase of this thesis. Particularly helpful were the personnel from the offices of the Inspector General of the Supply Corps, the Chief of Naval Material, the Naval Inspector General, the Inspector General of the Bureau of Naval Weapons, and Miss Elizabeth Haggart, Librarian of the Bureau of Supplies and Accounts, who made available files on management inspections and rendered aid through explanations and advice.

Medames Joan Meals and Virginia Levy were most helpful in the preparation of this manuscript.

The lack of recorded source material made necessary several personal interviews, and much material was obtained by this means. In view of the sensitive nature of some of this material, it was deemed advisable to permit these sources, military and civilian, to remain anonymous. Suffice it to say, these sources are considered by the author to be entirely reliable, all of whom have been involved with Navy management inspection and manpower validation programs.

Harry R. Page, Assistant Professor of Business Administration, under whose direction this work was accomplished, has been most helpful, both from the standpoint of technical assistance in the mechanics of writing a thesis, and his frank comments with regards to contents, expression, brevity, and clarity.

TABLE OF CONTENTS

Page

PREFACE iv

LIST OF FIGURES ix

Chapter

I. THE BUREAU OF SUPPLIES AND ACCOUNT'S GREATEST CHALLENGE -- MANAGEMENT OF SHORE ACTIVITIES 1

The Problem
Statement of the Problem
Scope of the Study
Method of the Study
Organization of the Remainder of the Thesis

II. MANAGEMENT APPRAISAL THROUGH THE MEDIUM OF INSPECTION 7

A Requirement
Definition
Objective
Scope and Depth
Types

III. MANAGEMENT INSPECTION CYCLE -- BEGINNING TO END 13

Pre-Inspection Considerations
Modus Operandi
Procedures
Reports

IV. ROLE OF THE SUPPLY SYSTEM INSPECTOR 25

Importance
History
Authority and Responsibility
Mission
Functions
Qualifications
Effectiveness
Relations to Top Management
Benefits

Chapter — Page

V. IMPACT OF GENERAL ORDERS FIVE AND NINETEEN 37

VI. INSPECTION PROGRAM DIFFICULTIES 47

The Human Element
Inherent Programs
Pre-Inspection Deficiencies
Perplexed System
On Site Diplomacy

VII. SUITABILITY OF APPRAISING AND REPORTING PERFORMANCE TESTED BY INSPECTION PRODUCT AND IMPLEMENTATION 57

VIII. POLICY AND TECHNIQUE IMPROVEMENTS 70

Future Trends
Future Role of Inspector General of the Supply Corps
Management Inspection Growth

APPENDICES

A. BUREAU OF SUPPLIES AND ACCOUNTS INSPECTOR GENERAL OF THE SUPPLY CORPS GUIDE LISTS FOR NAVAL SHORE ACTIVITIES INSPECTION PROGRAM, SUBSISTENCE DIVISION 79

B. GENERAL ORDERS FIVE AND NINETEEN 94

C. EXAMPLE RECOMMENDATIONS FROM INSPECTION REPORTS PRIOR TO GENERAL ORDERS FIVE AND NINETEEN
EXAMPLE RECOMMENDATIONS FROM INSPECTION REPORTS SINCE GENERAL ORDERS FIVE AND NINETEEN 110

D. POSSIBLE TYPE OF INSPECTION INDICATORS 115

E. AREAS OF SELF ANALYSIS AND INSPECTION GUIDE GOALS 117

BIBLIOGRAPHY 121

LIST OF FIGURES

Figure		Page
1.	Statistical Management Data That May be Requested From Activity to be Inspected	16
2.	Management Data Available in BUSANDA to be Analyzed Prior to Inspection	18
3.	Line Organization Chart of the Bureau of Supplies and Accounts Showing the Relationship of the Inspector General of the Supply Corps to the Chief, Bureau of Supplies and Accounts	29
4.	Line Organization Chart of the Major Naval Material Support Establishment Showing the Major NMSE Components	31
5.	Allowance of Personnel, Office of the Inspector General of the Supply Corps, as of February 1, 1966	62
6.	Total Travel Costs of Management Inspection Program Bureau of Supplies and Accounts, Fiscal Years 1962-1965 . .	64

CHAPTER I

THE BUREAU OF SUPPLIES AND ACCOUNT'S GREATEST CHALLENGE

MANAGEMENT OF SHORE ACTIVITIES

In the past few years, increasingly complex ideological, economic, and technological changes in Navy Supply Management have added new dimensions to the size and complexity of the Bureau of Supplies and Accounts, and to the variety and difficulty of its managerial tasks. Innovations in technology, management techniques, and supply doctrines all require that shore (field) activities be subject to a frequent review and evaluation of management methods and performance in all functions and areas of supply operations. The necessity for comprehensive appraisal and review derives from the fact that the Chief of the Bureau (top management) needs to know how his shore activities are performing their assigned missions.

Under normal routine procedures, the Chief of the Bureau receives through his staff and division chiefs a constant overview of the supply operations of his shore activities and other support activities not under his command. According to Naval Material Instruction 5430.10 the Chief of the Bureau of Supplies and Accounts is responsible for: (1) the development and direction of the Navy Supply System; (2) the development and promulgation of policies and methods governing supply management of Naval material and (3) the provision of staff assistance to the Assistant Secretary of the Navy (Installations and Logistics) in matters related to supply, distribu-

tion and disposal of Naval material; and departmental coordination action for matters of common application to Naval and Marine Corps material.[1]

Operation of the Navy Supply System is determined by its concepts, practices, material assets, and physical facilities. The concepts are a philosophy of how material requirements of naval forces are provided. The practices of the navy supply system are the codified techniques and standardized procedures by which the concepts are put to practical use. The material assets of the navy supply system are the items required by naval forces. The physical facilities of the supply system are its plant, equipment and people. Effective balance, performance and mutual relationships of these elements are required for proper functioning of the system.

The naval forces dependent upon the navy supply system include the almost one million personnel, tens of thousands of aircraft, and thousands of ships required to support the global commitments of the United States by sea power. The supply requirements of these forces range from the mundane to the technically complex. The make-up of these supply requirements is constantly changing as well as the intensity, magnitude, and geographic area of origin of demands.

Within the Navy Department, the Bureau of Supplies and Accounts has been designated as the agency responsible for navy wide supply system policy and management. The Bureau in order to comply with its responsibilities assigned by the Chief of Naval Material, requires an evaluation and appraisal of its command and support shore (field) activities on a "need-to-know" basis

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[1]U. S. Department of the Navy, Office of Naval Material Instruction 5430.10 dated December 2, 1963, Subject: Supply Management of Naval Material; assignment of responsibility for.

throughout the year for efficient and effective management.

Management writes the rules, states policies, and sets up standard procedures to exercise control through written instructions, directives, letters, manuals, bulletins, and the like. There is a possibility that these instructions will not be communicated in their intended purpose, that they will not be uniformly understood, or may be disregarded entirely. Through what means does top management learn that a shore activity is performing its mission?

With the advent of electronic data processing equipment, reports which measure effectiveness in certain supply functional areas can be readily received. However, there are many areas of management where an appraisal of the efficiency, effectiveness, and economy of supply operations at a shore activity cannot be determined without a visit by the support Bureau representative. Every Bureau has its Inspector General and staff performing this assignment, under the theory that top management must have this capability integral to the organization.

One of the tools by which management authorities appraise the effectiveness and efficiency of their shore activities is management inspection. A management inspection is a technique for reviewing and appraising management methods and performance -- in seeing that a shore (field) activity is effectively carrying out its mission.

I. The Problem

Statement of the Problem. Nine-tenths of all Federal personnel (both military and civilian) assigned to the Bureau of Supplies and Accounts organization are located outside Washington -- elsewhere in the United States

and in foreign lands.[2] The Bureau structure is a vast establishment requiring effective organization and management and speedy communication between bureau headquarters and shore (field) activities. Lack of proper organization and communication may lead to failure on the part of hundreds of activities in the shore establishment to understand new policies and program goals determined by Washington. Closing the communications gap as much as possible, making shore activities more responsive to directions from headquarters, and testing the Bureau's knowledge about its shore (field) activities are some of the major tasks of the management inspection program.

The purpose of this study is to determine if the present methods used in conducting a management inspection are adequately appraising and reporting performance in the shore activities. Within the U. S. Naval Establishment, an Inspector General System has provided management authorities with appraisals for a sufficient number of years to constitute a service tradition. The current statutory authority for the Naval Inspector General establishes this officer on the highest level providing advisory services to both the Secretary of the Navy and the Chief of Naval Operations. Within subordinate elements of the U. S. Navy, there are established Inspectors General for more specialized areas of inspection. One of the Inspectors General of a subordinate element of the U. S. Navy is the Inspector General of the Supply Corps. The Inspector General of the Supply Corps, as an independent reviewer and representative of the Chief, Bureau

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[2]Interview with Mr. B. Bodner, Assistant Head, Employment-Classification Branch, Industrial Relations Division, Bureau of Supplies and Accounts, January 9, 1966.

of Supplies and Accounts, periodically conducts an examination and appraisal of each shore activity (command and support) and therefore updates the Bureau's knowledge and information.

Scope of the Study. This study is expected to contribute to the understanding of the present process of inspection as an important management tool in appraising shore activities, and through this process also to review other possible concepts and methods of appraisal. It also intends to determine if there are policies and techniques available which would improve the use of inspection as an element of management appraisal of the navy supply system. Through research of a specific Inspector General organization and the procedures and composition of reports submitted to top management, conclusions and possible recommendations will be developed applicable to that specific organization.

Methods used in this study. Research has consisted primarily of library search supported by on-site findings. Library research has revealed the current thoughts on what a management appraisal should provide for top management. Within the Navy Department, historical data, written policies, instructions, and operating manuals of the Bureau of Supplies and Accounts have been researched and evaluated. Since official directives rarely describe a process entirely, this review has been supplemented by personal interviews with officials of the Navy Department concerned with management and appraisal of shore (field) activities. Individual interviews were also conducted with U. S. Army personnel. Review of inspection reports, audits, management reviews, manpower validation reports, and the like

conducted by the General Accounting Office, Auditor General of the Navy, Inspector General of the Navy, and the Inspector General of the Supply Corps were made. Particular attention has been given to data collected from interviews with bureau level selection officials.

II. Organization of the Remainder of the Thesis

Chapter II emphasizes the necessity for using management inspections as one technique by which top management may evaluate and appraise performance of its shore (field) activities. The purpose, function, and types of inspections are included as background information for Chapter III. In Chapter III, the inspection cycle is discussed in its entirety. Chapter IV presents the role of the Inspector General of the Supply Corps as the key individual in conducting management inspections. Chapter V presents the background and impact General Orders Five and Nineteen have had on the inspection program. Chapter VI identifies some of the existing inspection problems. Chapter VII discusses the adequacy of the present methods of management inspections employed to appraise and report performance of the shore activities. In the final chapter, Chapter VIII, recommendations are proposed for improvements in the inspection policy and techniques that appear feasible at the present time.

CHAPTER II

MANAGEMENT APPRAISAL THROUGH THE MEDIUM OF INSPECTION

A Requirement

The management of the Navy Supply System with its ten billion dollar assets is not a simple task. This was recognized by Admiral Herschel Goldberg, Chief of the Bureau of Supplies and Accounts, when he said, "The Soviet emphasis on military technology has placed our nation in an intensive and serious technological competition -- the pacing factor in this contest is not technology. It is management."[1]

Webster's New Collegiate Dictionary, 1961, defines "management": Act or art of managing, control, direction; judicious use of means to accomplish an end, skillful treatment; capacity for managing, executive skill; the collective body of those who manage any enterprise or interest.

Harold Koontz and Cyril O'Donnell, in their book Principles of Management, define managerial control as follows: "the management function of control is the measurement and correction of the performance of subordinates in order to make sure that enterprise objectives and the plans devised to attain them are accomplished."[2]

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[1]Harvard University, Graduate School of Business Administration, Engineering Manpower: How to Improve its Productivity, (Cambridge, Mass.: 1957), p. 2.

[2]Harold Koontz and Cyril O'Donnell, Principles of Management: An Analysis of Managerial Functions. (New York: McGraw-Hill Book Co., 1955), p. 545.

E. D. Dwyer, Chief, Navy Management Office says there are three major processes of management:

1. Planning
2. Directing and assigning responsibilities
3. Evaluating or appraising.[3]

While every element of an organization performs all of these processes to some degree, the more complex and highly structured organization has elements primarily responsible for each of the three processes of management. The planning and the directing and assigning of responsibilities require a flow of management data appraising the current progress of operation of the organization in its principal endeavor. Adjustment may be made in plans or in directing by the managers of these processes based on their appraisal of the management data available to them. Some decisions will be beyond the authority of the planning and directing managers and must be referred to top management, preferably with a recommendation supported by analyzed data. The decision of top management in these cases in formulating its own objectives will be helped by the use of evaluation and appraisal, the third process of management.

The objective of management appraisal or evaluation is to provide management with an appreciation of performance in the areas where it has assigned responsibilities to subordinates as department heads, functional managers, and directors of decentralized elements of the organization. Top management requires the independent review of appraisal to use in

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[3]E. D. Dwyer, Chief, Navy Management Office, "Navy Must Continue Advance in Scientific Management," Navy Management Review, NAVEXOS, P 910, Vol. VII, No. 4, (April, 1962), p. 9.

conjunction with recommendations from its planning and directing elements. Through considerations of problem areas with this broadened viewpoint more considerations can be given to decision making. Within the U. S. Naval Establishment an Inspector General program has provided management authorities with appraisals through the medium of inspection (survey).

Management Inspection (Survey) Definition

Funk & Wagnalls College Standard Dictionary, defines the word "survey" as follows: "a general or comprehensive view, an overlooking, a scrutinizing view, inspection."

"Manage" is defined as: "to control or direct the movements or working of by manipulation; to direct or conduct the affairs of; to administer economically or with judgment; achieve a desired result with or without something."

The Department of the Army Management Analysis Handout Material states:

> A management survey is a cooperative undertaking by a commander, his personnel, and one or more management engineers or analysts from the commander's own staff or a higher echelon. Through examination of missions, policies, programs, organization, operating methods, and practices by on-the-spot observation, they jointly seek to answer the question, "How can we do better?" The purpose is to increase the effectiveness, efficiency, and economy of areas surveyed by developing improvements. After the commander has had the recommended improvements put into effect, an evaluation is usually made of the success of those measures.[4]

The Bureau of Supplies and Accounts, Department of the Navy, in its BuSanDa Order 3-21 dated August 23, 1956, uses this definition:

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[4]U. S. Department of the Army, Management Analysis Handout Material: Finance School, U. S. Army, Fort Benjamin Harrison, Indiana. (FSUSA-C-310.73. July 1, 1961), pp. 6-1.

A management survey (inspection) is a systematic examination and analysis of organizational structure, mission, functions, policies, programs, operating methods and procedures, space, equipment, and personnel utilization, for the purpose of appraising effectiveness, identifying problems, and recommending improvements.

In his Survey Principles and Techniques, William A. Gill had this to say about surveys, most of which can be divided into three major categories:

A survey is defined as: "a comprehensive view or examination."

A program is defined as: "a preliminary statement giving details of projected action; a prospectus.

A survey program, therefore, is defined as: "a prospectus of surveys to be undertaken."[5]

Objective

The broad objective of management inspections is to determine how well an activity is accomplishing its mission. Specific objectives are to promote efficiency and economy in the Naval Establishment by observing and reporting on all or any combination of the following: the state of work, discipline, and morale; compliance with laws, regulations, and directives; the efficiency of operations and administration; management effectiveness; the state of the physical plant; planned future changes in programs and plant; and the capability of activities to fulfill their missions.[6]

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[5]William A. Gill, "Developing a Survey Program," Part II of a Series on Survey Principles and Techniques, Reprinted from the issues of January through November 1959 of Modern Management, published by the Society for Advancement of Management, p. 5.

[6]Bureau of Ships Management Inspection Guidelines.

Scope and Depth of Inspections

The scope and depth of inspections will be determined by the agency exercising command of the activity. The scope and depth of inspections of shore (field) activities commanded by the Chief of the Bureau of Supplies and Accounts will be determined by the Inspector General of the Supply Corps.[7]

Types of Inspections

A comprehensive inspection of a shore activity is an evaluation of mission performance and operating efficiency. Its purpose is to determine the effectiveness with which the activity carries out its mission and task and to measure performance against desired standards. It is conducted by the official who exercises command or supervision over the shore activity, with major assistance from the official providing primary support and minor assistance from other Bureaus and Offices as appropriate. It includes a detailed examination and evaluation of:

> (1) Mission, task, function, and workload performance plus facilities planning and programming.
> (2) All aspects of command, leadership, morale, management, military and civilian personnel administration, and training.
> (3) Application of the various elements of support, viz., organization, procedures, budgeting, accounting, staffing, and utilization of personnel, funds, materials, and facilities.[8]

A comprehensive inspection usually is conducted at activities on a

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[7]U. S. Navy Department, Bureau of Supplies and Accounts Manual, Vol. I. Para 13500, November, 1965, p. 1.

[8]U. S. Department of the Navy, Office of the Chief of Naval Operations, Instruction 5040.7B with Ch-1 dated March 19, 1965. Subject: Naval Shore Activities Inspection Program.

Chapter One: Basic Principles

The purpose and scope of investigation will be discussed in this chapter. The chapter also includes a review of the literature. The chapter is concluded with a brief description of the remaining chapters.

Types of Investigation

A comprehensive investigation of a given problem is an extension of previous investigations and theoretical principles. The purpose is to determine the effectiveness with which the principles operate in the solution to and to uncover information applied research questions. It is important to the original and previous research so appropriately done. The above principles, and maybe principles from the original research problem should be stated, and maybe principles from other fields of application, to determine a theoretical investigation may accomplish:

(1) Explain, clarify, identify, and evaluate information
(2) Identify elements of theories, principles, and concepts.
(3) Identify and describe relationships, and
(4) Synthesize or use various elements of research, theory, principles, principles, principles

biennial basis. Exchanges and commissary stores are exceptions because these activities normally are given a comprehensive inspection on an annual basis.

A command inspection is similar to a comprehensive inspection, except that it may be less detailed. It is conducted by command, but without assistance of, or participation by, bureaus and offices having primary or secondary support responsibilities for the activity.

An area coordination inspection is an evaluation of complexes of shore activities to determine whether the total effort in the area is adequately coordinated to achieve maximum economy and efficiency of operation and a balance of effort, and to ascertain conformance with and support of service-wide functions and procedures. It is conducted by the area coordinator, and serves to complement the comprehensive inspection.

The inspection includes:

1. Matters involving the furnishing of support and services to fleet and air training units and activities, as applicable.
2. Common support services and multiple-activity facility planning.
3. Emergency planning, disaster control and civil defense, harbor facilities, negotiation and collaboration with other government agencies, and community relations.
4. Readiness and responsiveness to local needs.
5. Security, intelligence, discipline, communications, matters relating to customs and traditions of the naval service, and assigned Navy-wide programs.
6. Such other matters as fall within the purview of area coordination, as set forth in General Order Nineteen and implementing directives, or as may be requested by officials exercising command, or subsequently directed by the Chief of Naval Operations (CNO).[9]

General Order Nineteen will be discussed in detail in Chapter Five, and will also be inserted in this study as Appendix B.

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[9]Ibid.

CHAPTER III

MANAGEMENT INSPECTION CYCLE -- BEGINNING TO END

The term "inspection" has various functional meanings. Likewise, the title "inspector" may be applied to several positions, all with somewhat similar duties, but dissimilar responsibilities and organizational locations. Business today, both private and public, uses management by inspection or audit extensively. The role is played by a cross section of workers. Auditors, analysts, engineers, internal auditors, supervisors -- to name a few -- all belong to this diversified group.[1]

Military organizations have traditionally included an Inspector General to provide top management with a self-appraisal capability independent of the management functions of planning and control. As established by Congress, the Navy Department has a Naval Inspector General (NIG), described as:

> 5088. Naval Inspector General: detail; duties
>
> (a) There is in the Office of the Chief of Naval Operations the Office of the Naval Inspector General. The Naval Inspector General shall be detailed from officers on the active list in the line of the Navy serving in grades above captain.
>
> (b) The Naval Inspector General, when directed, shall inquire into and report upon any matter that affects the discipline or military efficiency of the Department of the Navy. He shall make such inspections, investigations, and reports as the Secretary of the Navy or the Chief of Naval Operations directs.

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[1]Earl Donald Dietrich, "Management by Inspection" (unpublished Master's dissertation, The School of Government, Business and International Affairs, The George Washington University, 1965), p. 25.

(c) The Naval Inspector General shall periodically propose programs of inspections to the Chief of Naval Operations and shall recommend additional inspections and investigations as may appear appropriate.

(d) The President may designate the Naval Inspector General as an officer who performs special or unusual duty or duty of great importance and responsibility under section 5231 of this title.[2]

SECNAV Instruction 5430.57A defines the role of the Naval Inspector General as the principal adviser to the Secretary of the Navy and the Chief of Naval Operations on overall inspection matters, and directs the Naval Inspector General to establish objectives for, coordinate, and monitor a program of inspections of shore (field) activities through appropriate channels.[3]

The Naval Inspector General promulgates the Naval Shore Activity Inspection Program schedule annually. The schedule is on an area basis, allotting one month called the "open season" for inspection of activities in each area and an eleven month respite from inspections called the "closed season." At least 120 days prior to the start of the open season, the Bureau of Supplies and Accounts submits to the Naval Inspector General, area coordinators, and the activities concerned, a recommended schedule indicating the inclusive inspection dates and scope of the inspection.

Pre-Inspection Considerations

Preparation for the BUSANDA[4] comprehensive survey entails considerable detailed procedures. The following account includes the major tasks

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[2]United States Code, Title 10, Section 5088, August 10, 1956, p. 1289.

[3]U. S. Department of the Navy, Office of the Secretary of the Navy Instruction 5430.57A dated May 26, 1965, Subject: The Naval Inspector General; mission and functions of.

[4]BUSANDA, Bureau of Supplies and Accounts.

preceding an inspection. For each inspection an IGSC[5] Area Coordinator is appointed.

Approximately two months prior to the date of the inspection, the area coordinator prepares letters to the Commanding Officers of BUSANDA commanded activities or Immediate Superior in Command of BUSANDA supported activities. The letters serve a dual purpose; as a reminder to the activities that an inspection is forthcoming (this gives the activities a good chance for self-appraisal) and as a means of providing the activities with specific information they will need concerning the Inspector General of the Supply Corps inspection plans. This information covers such matters as dates of inspection, names of team members, security clearances, arrival conference arrangements, transportation requirements, billeting needs, pre-inspection questionnaires, and any items desired on arrival. Appropriate IGSC guide lists will also be included.

The Area Coordinator is also responsible for the following:

(1) Reviewing previous reports in order to recommend type and length of inspection, number of inspectors, and other salient points.
(2) Reviewing directives of the applicable Area Coordinator and/or Immediate Superior in Command to determine any pre-inspection matters which may be required and prepare necessary letter for signature of the IGSC.
(3) Submission of personnel assignment listing, considering functional specialities of IGSC team members and needs of activities to be inspected, to IGSC for approval.
(4) Coordinating with other bureaus desiring technical assistance. Provide Administrative Assistant with personnel assignments for reply. Originate letters for IGSC signature to Supply Officer of activity being inspected requesting management statistical data (see Figure 1) as desired by the senior IGSC member assisting.

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[5] IGSC, Inspector General of the Supply Corps.

FIGURE 1

MANAGEMENT DATA THAT MAY BE REQUESTED
FOR ACTIVITY TO BE INSPECTED

1. Organization and Staffing. An organization chart and Manpower Listing (NAVEXOS 4521) of the Supply Department.

2. Support Relationships. Show position in the Navy Supply Distribution System. List units and activities for which support and/or services are provided.

3. FMSO Inventory. The total value of FMSO inventory as of the end of each of the preceding four quarters and FMSO inventory targets assigned.

4. Subsistence. The average number of personnel subsisted in the General Mess and average number fed at noon meal on weekdays.

5. Data Processing Equipment. The data processing equipment used to do Supply Department work.

6. MILCON Projects. Any programmed for Supply Department facilities.

7. Special Programs and Projects. Description of implementation and status of certain programs (Cost Reduction, 3M, et al) and any local projects.

8. Retail Stores. List all Auxiliary Stores, Shop Stores and SERVMARTS operated.

9. Problem Areas. Description of any problem areas and action taken to date especially problems where assistance at the Bureau level may be beneficial.

10. Aviation Support Statistics. AOCP/ANFE rates.

(5) Arranging a pre-inspection briefing covering BUSANDA activities to be surveyed. Briefings should be held as near to IGSC team departure dates as possible. (Figure 2).
(6) Preparing individual packet for all team members.
(7) Determining if any Auditor General reports are currently pertinent to activities to be inspected.[6]

Modus Operandi

A general plan is used for the conduct of a BUSANDA inspection. It is as follows:

The inspection commences with the holding of an arrival conference, scheduled for the first day. The conference is attended by the key officers and civilians at each activity prior to the start of each inspection.

Business is conducted in the following order:

1. Statement by the Inspector General of the Supply Corps of inspection objectives and general procedures to be followed.
2. Introduction of conference attendees.
3. Delivery of activity presentation.
4. Announcements concerning administrative arrangements for the inspection.

At the completion of the conference, the team members are paired off with their opposite numbers and the actual inspection begins. Many times a tour of the activity is arranged by the command as a "help" in orienting the inspection team. This indoctrination, however, may be handled by the activity opposite numbers on an individual basis.

A required number of work conferences are held during the course of the inspection in which the individual inspection officers discuss and present their recommendations. In this way, the Inspector General keeps abreast of the progress and findings in each functional area. Separate

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[6]Inspector General of the Supply Corps Internal Instruction 5000.4D. Subject: Inspection Responsibilities, June 18, 1965.

[illegible]
[illegible]
[illegible]

FIGURE 2

MANAGEMENT DATA AVAILABLE IN BUSANDA TO BE
ANALYZED PRIOR TO INSPECTION

NOTE: For BuSandA Activities request Code 01 to consolidate.

1. Financial Inventory, Supply Distribution and Inventory Control Operations. For reporting activities comparative statistical information is available in "Inventory Control Operations at Supply Distribution Activities" (NAVSANDA Pub 295). Copies of the Supply Distribution and Inventory Control Operations Report (NAVSANDA 1144) and the Financial Inventory Report (NAVSANDA 255) are available in Code 21. Both "All cogs" and individual cog information may be of interest by month, quarter or year.

2. Disposal. Copies of the Report of Excess and Surplus Material (DD Form 1143) are available in Code 21.

3. Purchase. Purchase Statistics (NAVSANDA 80) reports are available in Code R2 for all activities having purchase authority over $250.

4. Supply Management Report (NAVSANDA 1143). Copies are available in Code 21 for all BUSANDA supported activities and certain shipyards.

5. Inspection Reports. Inspector General reports and NAAO reports are available in 91. Review for compliance with recommendations. GAO reports are available in Code 01. Navy Manpower Validation Team reports are available from CNO (OP-102E) (G619AA).

BUWEPS ACTIVITIES

6. WARES Reports. For BUWEPS supported activities, WARES Reports are available from BUWEPS Code MSB5 (4834 MN).

typewritten copies of all discussions and recommendations are presented to the inspected activity head for his comments and return. An overall summary of conditions found is also left with him.

Near the end of the "open season" the area coordinator holds an area conference with the Naval Inspector General in attendance plus the other various Inspectors General, Fleet Commander and the Naval District Commandant. These area conferences are for the purpose of informing the Naval Inspector General of all matters which are beyond the scope of the individual inspection parties, so that he may assist as necessary and coordinate the final efforts of the various parties. These conferences also serve to advise the Fleet Commanders and Naval District Commandants how their activities are performing.

Inspection Procedures

A management inspection follows certain procedures established by precedence and experience. First order of business calls for the investigation of approved recommendations of prior inspections which have not been reported as implemented or withdrawn. In such cases, it must be determined why action was not completed, whether correction was made but not reported to the Bureau, whether the intent of the recommendation was met and action considered complete for record purposes, or whether the conditions existing at the time the recommendation was made had changed to the point where the recommendation no longer applied. In the latter instance, a new recommendation must be initiated to replace the old one and submitted to the Bureau for approval, or the old recommendation is withdrawn by the Bureau authority after a further review.

In general, disregard of current directives and instructions, deviations from Bureau standards, the presence of inefficient management, and areas in which operational improvements are needed result in some action by the inspection team. This action can be informal suggestion to the activity opposite numbers or a formal recommendation by the cognizant team member. Inspection team findings can include the following:

1. Suggestions which result from discovery of minor discrepancies, the solutions of which are left to the inspected activity head.

2. Recommendations which are termed local suggestions. These are submitted by the team members to the team leader, and usually require direct informal action by the activity head.

3. Bureau local recommendations. These include recommendations pertaining to only one activity, and are usually of limited importance and not necessarily included in the preliminary report. Decision for their implementation is subject to agreement between the Bureau (senior inspector) and the inspected activity head.

4. Recommendations which are considered by the senior inspector to be of sufficient importance to be included in the preliminary inspection report.

The preliminary inspection report containing all recommendations and comments is subject to review, first by the inspected activity head and then by members of the district/area conference following the completion of an area inspection. It is possible at either of these reviews to have a team recommendation withdrawn or reduced to the status of a local suggestion. The area coordination conference usually determines whether a recommendation requires command decision rather than corrective action by a support bureau.

Local suggestions are recorded so that a copy may be retained in the inspector's general file. These informal recommendations are reviewed carefully in conjunction with similar recommendations from other activities to determine whether general corrective action should be taken for the benefit of BUSANDA shore activities. This listing of local suggestions is usually retained in the office files of the Inspector General of the Supply Corps until the next inspection of that area.

Inspection Guide Lists (Appendix A) were prepared by the Inspector General of the Supply Corps for the use in conducting Immediate Superior in Command inspections as required by OPNAVINST 5040.7B. Primary purpose of these guide lists is for assisting inspection personnel. They are not intended to place any restriction on the scope or extent of the inspection nor substitute for initiative, imagination, or judgment. It must be realized that satisfactory inspections cannot be based solely upon the guide list.

The Inspectors review pertinent portions of the BUSANDA Manual, official directives and data provided in the inspection folder by the IGSC area coordinator. They also review basic aspects of the organization, personnel, duties, work measurement data, workload and backlogs with the senior unit supervisor. Upon completion of the above review with the senior unit supervisor, the same procedure is checked with the persons actually performing the work. The work in progress is examined, and questions developed which will lead to a determination as to whether the component is performing its function in an efficient, effective, and economic manner. An intensive search into all phases of the operations and procedures is conducted to ensure compliance with applicable regulations and instructions.

Areas of operations which may be improved in effectiveness, efficiency, or economy are appraised even though they are not specifically covered by instructions and regulations.

Reports

Comprehensive inspection reports are prepared in the form prescribed by the Chief of Naval Operations (Naval Inspector General). The report of comprehensive inspection includes an evaluation of:

(a) Mission and Responsibility
(b) Organization and Management
(c) Operations and Administration
(d) Adequacy and Utilization of Resources
(e) Goals and Achievements
(f) Problem Areas
(g) Recommendations[7]

The inspection report is one of the most important phases of an inspection. It is the principal means by which the management inspection measures the efficacy and efficiency of the organization of the activity being inspected. A comprehensive/area coordination report is made up in two sections. The first is a summary which contains an evaluation of the inspection elements by the Senior member. The second section contains the team recommendations for the correction of activity problems. These recommendations must be passed up the line for review and approval by the Chief of the Bureau of Supplies and Accounts.

The following procedure is adhered to in processing the inspection report through the Bureau of Supplies and Accounts:

1. As directed by the Inspector General of the Supply Corps,

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[7] OPNAVINST 5040.7B, op. cit., p. 10.

arrangement is made for briefing appropriate codes prior to presentation to Chief, BUSANDA and the Deputy. The Chief's briefing, normally within three days of return from inspection, highlights significant deficiencies and recommendations, appraises operations, efficiency, morale, achievement, and comments on points of system-wide interest.

2. In case of a Class II activity, the final inspection report is prepared by the Immediate Superior in Command. Upon receipt of this report in the Inspector General of the Supply Corps office, sufficient copies are prepared for distribution to cognizant Assistant Chiefs and technical offices for approval of the recommendations made.[8] The Inspector General of the Supply Corps office prepares the report for Class III activities for distribution throughout the Bureau. In this connection recommendations reviewed by the cognizant assistant chiefs are returned to the Inspector General of Supply Corps office indicating concurrence or non-concurrence. Non-concurring responses will be discussed with the responding code to determine the validity and detailed substantiation for non-concurrence. Recommendations not concurred in for code policy reasons may be withdrawn only by the Inspector General of the Supply Corps. Recommendations may be rewritten or withdrawn by the originator based on new developments not available at the time and place of the inspection. Upon resolution of all recommendations with the Bureau codes, the Inspector General prepares a forwarding letter for the signature of the Chief, Bureau of Supplies and Accounts directing implementation action to the activity. The report is

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[8]Inspector General of the Supply Corps Internal Instruction 5040.4F. Subject: Organization and Responsibilities in Office Administration dated July 23, 1965.

then transmitted to the activity for implementing action. In some instances, implementation requires Bureau action.

If the activity disagrees with the recommendations, it is urged to take prompt action to inform the Bureau of the reasons and to propose an alternate solution. It is possible for a commanding officer to direct the implementation of a recommendation in advance of the direction by the Chief of the Bureau.

The Inspector General of the Supply Corps has the responsibility to inspect shore activities commanded by the Chief of the Bureau of Supplies and Accounts, provides assistance to the Immediate Superior in Command, (ISIC)[9] of those shore activities for which the primary support responsibility is assigned to the Bureau of Supplies and Accounts, and furnishes technical assistance to other primary support agencies. The role of the Inspector General of the Supply Corps in conducting inspections will be discussed in Chapter Four.

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[9]ISIC, Immediate Superior in Command.

CHAPTER IV

ROLE OF THE SUPPLY SYSTEM INSPECTOR

Importance

Managing the Navy wide supply system is "big business." It has grown in size and complexity making it perhaps more difficult to properly control than any other large system in the Navy. Maintaining effective control over supply operations is a never-ending concern of the Chief of the Bureau of Supplies and Accounts. The trends toward greater geographical dispersion and more decentralization of headquarters functions add to the complexity of the problems. Despite the introduction of more advanced control tools such as high-speed data processing and improved methods of communication, top management often senses a lack of personal contact with the shore supply operations. Executives in government, like their counterparts in industry, cannot personally supervise every facet which requires attention. Since responsibility and authority are delegated, some form of review and appraisal of shore (field) activities is necessary. Management inspection conducted by the Inspector General Program is one form of management technique utilized to appraise and evaluate the shore activities.

History

A brief review of the history of the inspection program will show the increasing importance of the role of the Inspector General. While there has been administrative review and audit of accounts from the very beginning

of the Navy, the systematic "on-site" inspection of Naval supply activities did not actually begin until July 6, 1869 when the office of the Chief Inspector of Provisions and Clothing was established.[1] The Supply Inspection Service is believed to be the oldest of the General Inspection Services of the Navy.

Pay Director Horatio Bridge, after serving as Paymaster General and Chief of the Bureau of Provisions and Clothing from 1854 to 1869, was assigned as Chief Inspector of Provisions and Clothing in this capacity until 1873. On March 22, 1873 the title of the office was changed to General Inspector of Provisions and Clothing.

On the recommendation of Paymaster General Fulton, Navy Department General Order No. 373 was issued on June 27, 1889 establishing the office of the General Inspector of the Pay Corps. The name of the Bureau of Provisions and Clothing was changed to Bureau of Supplies and Accounts by the Act of June 19, 1892. The Pay Corps was renamed Supply Corps on July 11, 1919.

The central office of the General Inspector of the Supply Corps was established in June 1942 and an Inspection Group under the direction of the General Inspector of the Supply Corps was established within the Bureau of Supplies and Accounts. The Inspection Group's mission was to supervise the inspection of Supply Corps activities ashore and recommend regulations and instructions to apply in conducting these inspections.

In order to spread the workload and to provide observation of activities by different groups of officers, inspections -- as far as possible --

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[1]Pamphlet entitled History of U. S. Navy Audits, Auditor General of the Navy. Department of the Navy Office of the Comptroller, January 1, 1965, p. 7.

alternated between the field inspectors and district or staff supply officers. Thus, the district or staff supply officers could acquire an intimate knowledge of the condition and needs of various activities and the capabilities and performance of the officers under their jurisdiction and could take prompt, corrective action where required.

During this period each activity was usually inspected twice a year. The inspection schedule was predicted on the observed or reported efficiency of each activity and the number of inspecting officers available. The Office of Assistant General Inspector of the Supply Corps (Air) was established on September 25, 1944 to conduct inspections of aviation supply activities.

On June 1, 1950, with the transfer of accounting from the Bureau of Supplies and Accounts to the Comptroller of the Navy, the Assistant Comptroller Accounting, Audit and Finance, assumed responsibility for the inspection of disbursing officers' accounts.

In keeping with the trend toward increasing controls at the top management level, the Chief of the Bureau of Supplies and Accounts disestablished the office of Assistant General Inspector of the Supply Corps (Air) on July 1, 1963 and shifted the billets to the Inspector General of the Supply Corps office at Washington, D. C.

It would be advantageous at this point to describe the newly reorganized Bureau of Supplies and Accounts, its mission, and general position in the Navy Department organization. To quote directly from the Bureau of Supplies and Accounts manual:

> The Bureau of Supplies and Accounts is responsible for the following:

The development, review and promulgation Navy-wide of policies and methods governing supply management of Navy material and the administration of centrally controlled programs in connection therewith. As used herein, "supply management" means the calculation of requirements, acquisition, and control of the receipt availability and disposal of Navy material and includes provisioning, cataloging, standardization, stock coordination, inventory management, distribution, transportation, traffic management, materials handling, receipt, storage, packaging, packing, preservation, issue and disposal functions.

The provision of staff assistance to the Assistant Secretary of the Navy (Installations and Logistics) in matters related to supply management of navy material, and departmental coordination action for matters of common application to Navy and Marine Corps material.

The development and operation of the Navy Supply System.

The technical guidance and direction of Navy Shore Activities and afloat units in the performance of the following functions:

a. Cataloging, standardization, inventory management, purchasing, storage, distribution, traffic management, packing, packaging, preservation, issue and disposal functions.

b. Materials handling, transportation, cargo handling, stevedoring and fuel handling.

c. Preparation and service of food in general messes, except at naval hospitals.

d. Military assistance program supply operations and fiscal administration.

e. Publications and printing operations and services.

f. Administration and operation of Commissary stores, Ships' Stores, Retail Clothing Stores, Navy Exchanges and Enlisted Men's Clubs.

The primary support of those commands, organizations and of the Navy whose primary functions are:

a. Purchasing, inventory management, cataloging, storage, distribution, issue, shipping and disposal of material.

b. Terminal operations, traffic management and cargo handling.

c. Operation of Commissary Stores and Navy Exchanges.

d. Supply research and development.[2]

Within the Navy Department, the Bureau of Supplies and Accounts is the agency responsible for the supply system policy and management. The Bureau of Supplies headquarter's organization is depicted in Figure 3. In

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[2]BUSANDA Manual, op. cit., Supplement 4-1.

BUREAU OF SUPPLIES AND ACCOUNTS

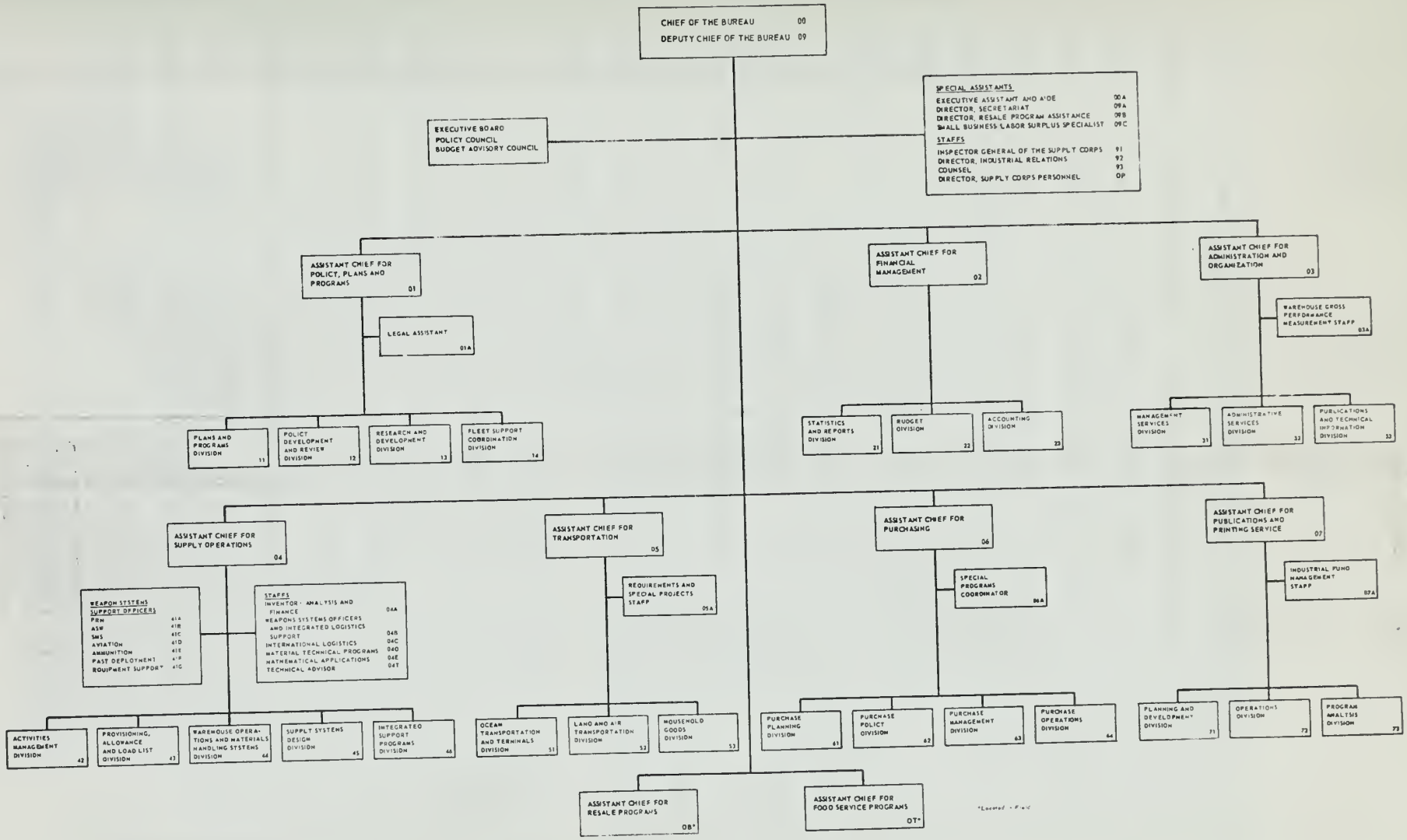
CHIEF OF THE BUREAU 00
DEPUTY CHIEF OF THE BUREAU 09
EXECUTIVE BOARD
POLICY COUNCIL
BUDGET ADVISORY COUNCIL
SPECIAL ASSISTANTS
EXECUTIVE ASSISTANT AND AIDE 00A
DIRECTOR, SECRETARIAT 09A
DIRECTOR, RESALE PROGRAM ASSISTANCE 09B
SMALL BUSINESS/LABOR SURPLUS SPECIALIST 09C
STAFFS
INSPECTOR GENERAL OF THE SUPPLY CORPS 91
DIRECTOR, INDUSTRIAL RELATIONS 92
COUNSEL 93
DIRECTOR, SUPPLY CORPS PERSONNEL OP
ASSISTANT CHIEF FOR POLICY, PLANS AND PROGRAMS 01
LEGAL ASSISTANT 01A
PLANS AND PROGRAMS DIVISION 11
POLICY DEVELOPMENT AND REVIEW DIVISION 12
RESEARCH AND DEVELOPMENT DIVISION 13
FLEET SUPPORT COORDINATION DIVISION 14
ASSISTANT CHIEF FOR FINANCIAL MANAGEMENT 02
STATISTICS AND REPORTS DIVISION 21
BUDGET DIVISION 22
ACCOUNTING DIVISION 23
ASSISTANT CHIEF FOR ADMINISTRATION AND ORGANIZATION 03
WAREHOUSE GROSS PERFORMANCE MEASUREMENT STAFF 03A
MANAGEMENT SERVICES DIVISION 31
ADMINISTRATIVE SERVICES DIVISION 32
PUBLICATIONS AND TECHNICAL INFORMATION DIVISION 33
ASSISTANT CHIEF FOR SUPPLY OPERATIONS 04
WEAPON SYSTEMS SUPPORT OFFICERS
PRN 41A
ASW 41B
SUBS 41C
AVIATION 41D
AMMUNITION 41E
PAST DEPLOYMENT 41F
EQUIPMENT SUPPORT 41G
STAFFS
INVENTORY ANALYSIS AND FINANCE 04A
WEAPONS SYSTEMS OFFICERS AND INTEGRATED LOGISTICS SUPPORT 04B
INTERNATIONAL LOGISTICS 04C
MATERIAL TECHNICAL PROGRAMS 04D
MATHEMATICAL APPLICATIONS 04E
TECHNICAL ADVISOR 04T
ACTIVITIES MANAGEMENT DIVISION 42
PROVISIONING, ALLOWANCE AND LOAD LIST DIVISION 43
WAREHOUSE OPERATIONS AND MATERIALS HANDLING SYSTEMS DIVISION 44
SUPPLY SYSTEMS DESIGN DIVISION 45
INTEGRATED SUPPORT PROGRAMS DIVISION 46
ASSISTANT CHIEF FOR TRANSPORTATION 05
REQUIREMENTS AND SPECIAL PROJECTS STAFF 05A
OCEAN TRANSPORTATION AND TERMINALS DIVISION 51
LAND AND AIR TRANSPORTATION DIVISION 52
HOUSEHOLD GOODS DIVISION 53
ASSISTANT CHIEF FOR PURCHASING 06
SPECIAL PROGRAMS COORDINATOR 06A
PURCHASE PLANNING DIVISION 61
PURCHASE POLICY DIVISION 62
PURCHASE MANAGEMENT DIVISION 63
PURCHASE OPERATIONS DIVISION 64
ASSISTANT CHIEF FOR PUBLICATIONS AND PRINTING SERVICE 07
INDUSTRIAL FUND MANAGEMENT STAFF 07A
PLANNING AND DEVELOPMENT DIVISION 71
OPERATIONS DIVISION 72
PROGRAM ANALYSIS DIVISION 73
ASSISTANT CHIEF FOR RESALE PROGRAMS 08*
ASSISTANT CHIEF FOR FOOD SERVICE PROGRAMS 0T*
*Located - Field
PARENT OFFICE: OFFICE OF NAVAL
ORGANIZATION BUREAU OF SUPPLIES AND ACCOUNTS

FIGURE 3.

addition to headquarters, the Bureau supports about 125 shore activities including three inventory control points, thirteen supply centers or depots, (with NSC Bremerton, Washington to be added in July 1966), and a number of narrowly defined support elements as fuel depots, naval purchasing offices, commissary stores, and retail offices. The Bureau also manages navy owned inventories located at numerous navy, industrial and operational support activities. The navy recognizes a need to have available in stock over one million different items of which over eight hundred thousand are peculiar to navy use. (Over three hundred thousand items are provided by arrangements with the Defense Supply Agency). The total Navy owned inventory is valued at over ten billion dollars at acquisition cost. By any standards of comparison, management of the Navy supply system is an enormous responsibility. BUSANDA has some 32,000 personnel in its headquarters and in the field organization it supports.[3]

A recent change in the organizational structure of the Navy Department which has had considerable effect on the operations of the Bureau of Supplies and Accounts was the establishment of another layer of authority between the Bureau, the Chief of Naval Operations, and the Secretariat. The Chief of Naval Material, under the Secretary of the Navy, commands the Naval Material Support Establishment which consists of the four Material Bureaus (BUWEPS, BUSHIPS, BUSANDA, and BUDOCKS), the SECNAV/CNM designated Project Managers, and the field organizations assigned to those Bureaus. (See Figure 4). The Chief of Naval Material has delegated the responsibility

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[3]Logistic Support in the Navy, op. cit., p. II45-47.

[illegible] [illegible] [illegible] [

MAJOR NMSE COMPONENTS

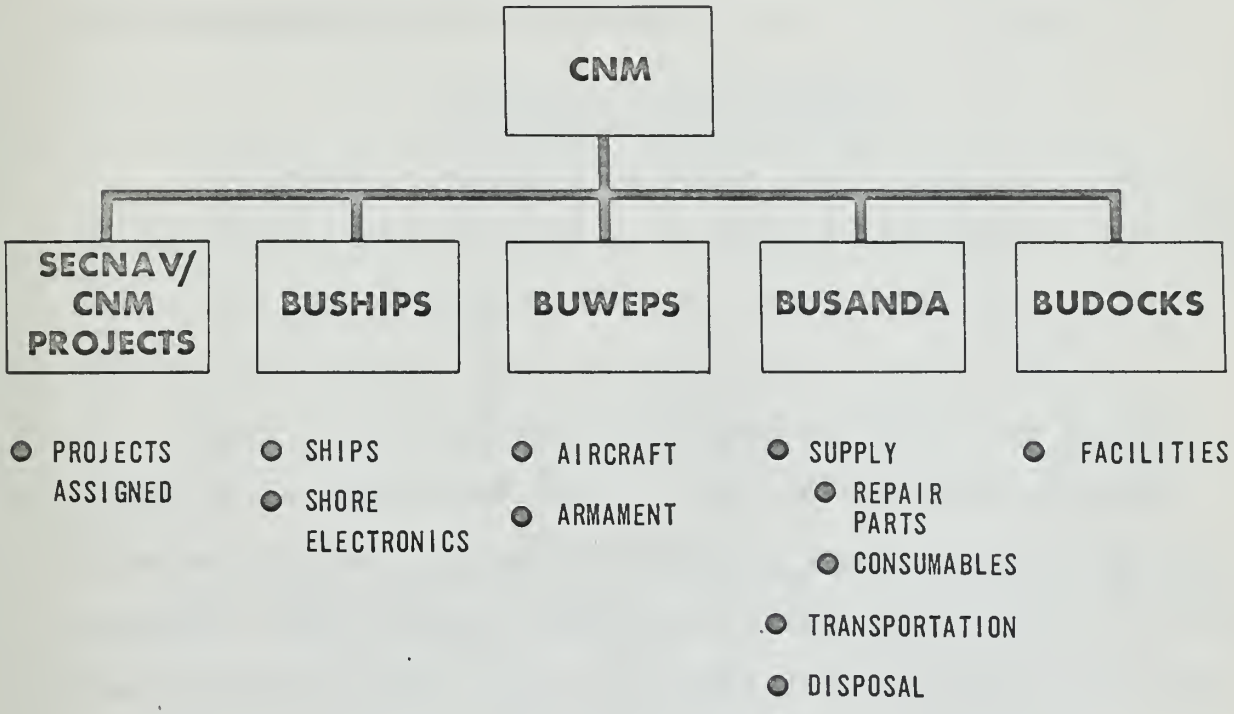

FIGURE 4.

for the operation and direction of the Navy Supply System to the Chief of BUSANDA. The Inspector General of the Supply Corps consequently is responsible for inspection of the supply system.

Authority and Responsibility

The Inspector General of the Supply Corps is under the immediate direction of the Chief of the Bureau of Supplies and Accounts. The Inspector General is a staff assistant to the Chief, rather that a line assistant. Therefore the Inspector General does not exercise direct authority over other persons in the organization whose work he reviews. The Inspector General of the Supply Corps (IGSC) is guided in the performance of his duties by instructions issued by the Chief of BUSANDA, the Chief of Naval Operations, (Naval Inspector General), or other higher authority. The professional staff of IGSC consists of a group of about fifteen naval supply corps officers assigned to inspection effort on a full time basis. With the possible exception of the Naval Inspector General's staff, this group has no permanent inspection group counterpart within the Navy. The staffs of the Inspectors General of the other Bureaus and Operational commands are detailed temporarily as required to augment a small permanent cadre. The permanent staff of the IGSC is thus unique. The IGSC is responsible to the Chief of the Bureau for appraising the efficiency, effectiveness, and economy of operations in each of the shore activities of the Naval Establishment which are under the command and support of the Bureau of Supplies and Accounts.

Mission

The Inspector General is responsible for the survey of all functions over which the Bureau has technical direction and of all bureau supported activities to determine effectiveness of operations in carrying out policy and regulations and for effecting appropriate action in connection with official reports of survey, inspection and audit with the exception of manpower validation surveys.

Functions

The Inspector General of the Supply Corps has the following functions:

1. Makes such surveys, investigations, and inquiries as may be directed by the Chief of Supplies and Accounts, the Naval Inspector General, or other higher authority.
2. Furnishes technical assistance, as required, to the other command and primary support agencies.
3. Recommends to the Chief of the Bureau of Supplies and Accounts additional surveys, investigations, and inquiries, when appropriate.
4. Receives reports of survey, inspection, and audit of activities under the command/support of the Bureau of Supplies and Accounts made by other agencies and commands (except Manpower Validation Surveys). Coordinates and performs all follow-up on Bureau of Supplies and Accounts review, comment, and implementation pertinent thereto.
5. Prepares reports covering individual activities surveyed for the Chief of the Bureau of Supplies and Accounts.
6. Proceeds with appropriate action in advance of the approval of the Chief of the Bureau of Supplies and Accounts, when, as a result of survey, investigation, or inquiry, conditions are disclosed which require urgent and immediate action.
7. Conducts a quarterly accounts inspection of the Midshipman's Store, Naval Academy, Annapolis.[4]

Qualifications

Management inspections are recognized world-wide as one of the

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[4]Bureau of Supplies and Accounts Organization Manual, NAVSANDA Publication No. 70, Revised November 30, 1965.

[illegible]

[illegible]

[illegible]

better ways to determine if an organization is operating efficiently and economically. The Naval Inspector General and the IGSC recognize that the success of a management inspection depends to a large degree on the qualifications and abilities of inspection team members. The results of a management inspection are directly proportional to the quality of work performed by the inspectors. Therefore, when a specialist is designated to become a member of a BUSANDA inspection team, he has to be aware of the following requirements:

> a. An Inspector must be impartial and start with an open mind. He should not be prejudiced or biased, and he should not have preconceived ideas of matters brought to his attention for investigation and discussion.
>
> b. Moreover, an Inspector must be more than merely a fact-finder. The Inspector General is interested in matters of related significance as well as the facts themselves. He will base his actions and decisions on all the material presented to him.
>
> c. Accordingly, an Inspector should: (1) ascertain the facts accurately, reliably, and completely; (2) report these facts intelligently; (3) provide corollary information as background to assist in analysis; (4) draw logical conclusions based more on the facts than on opinion; and (5) submit sound recommendations for appropriate actions.[5]

Effectiveness

The effectiveness of inspectors is largely dependent upon their relative position of authority, and the relationship of the inspector's staff to other bureau personnel. To best serve top management, the inspector has to have an independent latitude. The inspector should be free to review and appraise policies, plans and procedures and to constructively criticize all activities without fear of retaliation. However, this review and appraisal does not relieve other persons in the activities of the

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[5]IGSC INSTR. 5000.4D, op. cit., Enclosure (3).

responsibilities. The value of an Inspector General's staff cannot be measured in dollars and cents, for it is not possible to set down a column of figures which represents the savings made by the management inspection. The effectiveness of the inspection team is judged by the quality of reports rendered to top management and the result of the action taken. The inspectors should set forth the conditions surrounding a particular situation, their recommendations, and favorable or unfavorable comments on the one or more levels of management directly responsible.

Relations to Top Management

The dominant role of the Inspector General of the Supply Corps, in form and in fact, is to help the Chief of the Bureau evaluate how well the various shore activities are accomplishing their missions. He does this by reviewing the procedures and policies prescribed by top management. As the eyes and ears of top management, the IGSC must keep in mind the responsibility of management, mainly that of stewardship. In order to discharge his duties properly, the inspector must survey, interpret, analyze, and evaluate the many facets he examines. Because his activities will bring him into close contact with line operations, he is well fitted to act as the reporter for the Chief of the Bureau.

Benefits

The recommendations, suggestions, and the gathering of specific information by the inspectors are a great aid in addressing the numerous and complex administrative problems that are confronted by top management. As a result, top management can do little more than formulate policies and

procedures, provide the machinery for carrying them out, and review reports on the operations. Top management must then assign responsibility to the commanding officer of the activity within the organization structure and devise a means of keeping informed of its operations. To do this, it is necessary to expand concepts of control and develop new ones. The Inspector General is one means by which top management can provide itself with an effective control device.

Top management may also benefit in learning of problems as they occur so that remedial measures may be taken to avoid repetition. Inspectors can bring to the attention of top management such matters as opportunities for savings, increased efficiency and better ways of doing things. The Inspector General has knowledge of management policies and procedures. He comes into contact with officials and employees at all organizational levels. Thus he can provide a valuable service in assuring better communication in all departments not only at headquarters but also out in the shore activities. He can provide informal explanations and interpretations of prescribed policies and procedures, and can obtain first hand observations as to their usefulness or effectiveness. This type of service can contribute materially to effective management.

Concerning benefits derived from the Management Inspection Program, Captain R. E. Barnhardt, Assistant Inspector General, Bureau of Ships says,

> Management inspections should fulfill the function of management assistance to the activity. The greatest benefits from these inspections come from identifying areas of potential cost reduction and handicaps to efficient operations resulting from interface problems with other activities and agencies.[6]

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[6]Captain R. E. Barnhardt, USN, Assistant Inspector General, Bureau of Ships, "Inspections Identify the Problems and Potentials," Navy Management Review, (July, 1964), p. 15.

CHAPTER V

IMPACT OF GENERAL ORDERS FIVE AND NINETEEN

"Nothing is Permanent but Change"

This quote, appearing in the sub-title, from the weeping Greek philosopher, Heraclitus, is most appropriate when applied to the General Orders and Regulations issued by the Navy Department.

In early 1962, the Secretary of the Navy initiated a comprehensive review of the management of the Department of the Navy to provide for improvement in achieving its objectives and to maximize responsiveness to the operating forces and to the Office of the Secretary of Defense. The review included an extensive examination of (1) the environment, both internal and external to the Department of Defense, in which the Department of the Navy must function; (2) the structure and processes internal to each of the various components of the Department; and (3) the major functions of the Department.[1] The functions of Planning, Programming, Budgeting, and Appraising; Research and Development; and Material, Manpower, Facilities, and Financial Management were reviewed in great detail.

The report of the Advisory Committee to the Secretary of the Navy was critical of the appraisal effort carried out in the Office of the Chief of Naval Operations. The Secretary of the Navy and his key departmental

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[1]U. S. Department of the Navy, Review of Management of the Department of the Navy, NAVEXOS P-2426A, December 15, 1962, p. VII. The report is known unofficially as the "Dillon Report."

executives were reported not to have the appraisal capability for evaluating the economy and effectiveness of the shore activities, with particular reference to the quality of their performance in support of the operating forces. This deficiency involved the ability to make on-site appraisals of operations in the field, and the ability to measure, and report on, the ultimate results of these operations as reflected in the material readiness of the fleets.

To provide for increased coordination and direction of the appraisal of shore establishment and operating forces, an improvement to the Naval Inspection Program was proposed which would redirect the efforts of the Naval Inspector General and insure close coordination among all inspection efforts of the Navy Department.[2] In addition to the improvements in the inspection program, changes were proposed in the basic organization structure and assignment of responsibilities for the administration of the department.[3]

As the Department proceeded with the implementation of these changes, it became apparent that certain adjustments in concepts and procedures were necessary. Accordingly, early in 1964, at the request of the Under Secretary of the Navy, the Chief of Naval Operations convened a board to work out the necessary adjustments. The new General Orders of October 1964 were the result of the deliberations of this board. On October 20, 1964, when the Secretary of the Navy signed the General Orders Five and Nineteen (see Appendix B), the 1959 plan for administering the shore activities was revised significantly.

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[2] Ibid., p. 70.

[3] Ibid., p. VII.

The "new look" with respect to the 1964 issue of General Order Five ranged from a restatement of the fundamental objectives of the Department of the Navy to the creation of a management environment within which these objectives may be achieved.[4] In exercising responsibility for direction of the Department of the Navy, the Secretary of the Navy utilizes a bilinear system of organization.[5]

This bilinear system recognizes a "consumer-producer" relationship within the Department of the Navy and provides for a distinction between military direction and the business direction of the Department. Training and developing the capabilities and readiness of the military forces, planning their support requirements, and the military administration combines under the military direction of the Secretary. The business direction is concerned with providing the equipment, material, trained personnel, and services necessary to meet the supporting requirements of the military forces. The consumer interests represent the Chief of Naval Operations (CNO) and the Commandant of the Marine Corps, and the Chief of Naval Material, the Chief of Naval Personnel, and the Chief of the Bureau of Medicine and Surgery represent the producer interests.

General Orders Five and Nineteen have initiated some changes in the Navy comprehensive inspection program. General Order Five (Appendix B) prescribes policy and principles governing the organization and administration of the Navy Department. General Order Nineteen has had the greater

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[4]"What's New in General Orders?" Editorial in Navy Management Review, NAVEXOS P 910, Vol. X. No. 1, (January, 1965), pp. 6-11.

[5]U. S. Department of the Navy, NAVEXOS P-435, (Revised 5-62).

impact on the program, and provides for the classification of shore activities and for the assignment by the Secretary of the Navy of responsibility for command and support.[6] For ease in following the development of command and support in the Navy, it is well to understand something of the relationships between the fleet commander and the support bureaus commanded by the Chief of Naval Material. General Order Nineteen, as the Navy's best solution to its organizational relationships, has become a guide for Navy's many commands and more than 700 shore (field) activities.

SECNAV Instruction 5430.73 implements General Order Nineteen and assigns naval activities to one of three classes: Class I which includes activities under the command of the Chief of Naval Operations and which receives primary support from this official; Class II which includes activities under the command of the Chief of Naval Operations but which receive primary support from an organization not under their command; and Class III which includes activities under the command of an official other than the Chief of Naval Operations and which receives primary support from that official.[7]

General Order Nineteen provides for an overview of shore activities and the relationships between such activities to insure that within each geographic area there is a coordinated shore establishment to provide for

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[6]U. S. Department of the Navy, General Order Nineteen (19), October 20, 1964. Paras 3a-3b. Assignment and Distribution of Authority and Responsibility for Exercise of Command and Support of Shore (Field) Activities of the Department of the Navy.

[7]U. S. Department of the Navy, Secretary of the Navy Instruction 5430.73 dated December 23, 1964, Subject: Assignment of command and primary support responsibilities for shore (field) activities of the Department of the Navy.

support to the fleet. Responsibility for the internal affairs of individual shore activities is assigned to the command and support authorities. Inspection responsibility is an inherent function of command.[8] Area coordination includes the authority to review and inspect, as appropriate, shore activities for responsiveness to fleet support. In addition, to the support rendered above, the bureaus and offices provide administrative and technical guidance and assistance to shore activities in accordance with their assigned functional responsibilities.

A well-established legal basis for change in the inspection program, as a result of the implementation of General Orders Five and Nineteen was recognized. Some of the major features the new orders introduced were the need for reduction of individual inspections, a method of decentralizing inspection functions, and consolidation of inspection groups under the Immediate Superior in Command while conducting inspections at Class II shore (field) activities.

The Bureau of Supplies and Accounts supports about 125 field activities employing civilians, and of these activities approximately 110 are in Class II and fifteen are in Class III. Comprehensive inspections will be conducted by the official who exercises command over the activity with assistance from the bureau who provides primary support in accordance with OPNAV Instruction 5040.7B.[9] Comprehensive management inspections of Class II activities will be conducted by the ISIC of the activity as indicated in

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[8] OPNAV INSTRUCTION 5040.7B, op. cit., p. 1.

[9] Ibid., p. 2.

OPNAV Instruction 5400.24.[10]

Under the new inspection program, the Chief of BUSANDA will serve as the ISIC at fifteen activities and the Chief of Naval Operations will serve as the ISIC at 110 activities with BUSANDA providing primary support. Although the Chief of BUSANDA has lost command responsibility over Class II activities, he has retained a definite support role in terms of technical assistant or an expertise on supply matters. The Bureau of Supplies and Accounts has been designated as the policy agent for the Navy Supply System.[11]

One year's experience in a year of many modifications does not provide conclusive evidence; however these new orders have given the inspection program impetus. The Naval Inspector General has received additional duties as a result of the new orders. He is directly responsible for: (a) Navy Installations Survey Group (NISG); (b) Manpower Validation Program (OP-102); and (c) Board of Inspection and Survey (INSURV).[12] Secretary of Defense Robert McNamara decided to expand the scope of the Naval Inspector General responsibilities so as to concentrate on services needed to support the combatant fleet.[13] This area of weakness was revealed in the Dillon Report. The Naval Inspector General does not perform manage-

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[10]U. S. Department of the Navy, Office of the Chief of Naval Operations Instruction 5400.24 dated December 29, 1964, Subject: Command, area coordination and command relationships.

[11]Interview with Captain W. F. Mueller, SC, USN, Inspector General of the Supply Corps, Bureau of Supplies and Accounts, January 1966.

[12]Memorandum from CNO to the Secretary of the Navy, Subject: "New Role of the Naval Inspector General," File OP-008/lmr Ser. 307P008, September 30, 1965.

[13]Memorandum from Secretary of Defense, Robert S. McNamara to the President of the United States, Subject: "Establishment of Navy Vice Admiral Position." May 17, 1965. Approved by President Johnson, May 21, 1965.

ment inspections per se, but is primarily interested in the effectiveness of various programs sponsored by the Secretary of the Navy, e.g. reenlistment rates, habitability, and fleet readiness.[14]

The implementation of these new orders has had a definite impact on the inspection program. Decentralization of the inspection function has primarily affected the Immediate Superior in Command's role. The inspection program has created another hierarchy of command, stemming from the Fleet Commander, the ISIC, the Naval District Commandant, and the Area Coordinator. The Fleet Commander through the ISIC has the responsibility for conducting the comprehensive inspection.

The ISIC of Class II activities or the area coordinator, determines the inspection team requirements. Normally the inspection team comprises local inspectors augmented by support bureau representatives. The IGSC conducts inspections during the open season promulgated by the Naval Inspector General. Scheduling the inspection workload is becoming increasingly difficult, for the support bureau must wait for the area coordinator's request for technical assistance when Class II activities are being inspected.[15]

District supply officers have prepared their own inspection guide lists. Some have utilized guide lists developed by the Inspector General of the Supply Corps, others have composed their own. Use of the guide lists exclusively tend to make inspections inflexible and stereotype.[16]

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[14]Interview with Captain Lee Clark Jr., and Captain J. W. Haskell, members of the Naval Inspector General's staff, January 1966.

[15]Authoritative confidential source.

[16]Interview with members of the Inspector General of the Supply Corps staff, Bureau of Supplies and Accounts, January 1966.

Procedures for conducting a comprehensive inspection have changed over the previous method.[17] Reports of comprehensive inspections will include an evaluation of the following in each functional area:

(1) Mission and responsibilities
(2) Organization and management
(3) Operations and administration
(4) Adequacy and utilization of resources
(5) Goals and achievements
(6) Problem areas
(7) Recommendations, including identification of action authority.[18]

The former management inspection system evaluates the above criteria for command mission and responsibility, and the operations performance of the other functions. The new system includes both command and support operations in depth. On paper the present inspection concept appears to be much more comprehensive on each department inspected.

An inspection of a Class III activity, which is under the command and support of BUSANDA, is conducted on a lesser detail scope. The IGSC does not normally conduct a personnel inspection nor validate personnel records but will be predominantly interested in the capability of the activity to perform its mission effectively and economically. Primary support bureaus also may perform support reviews and appraisals.

The Immediate Superior in Command is now in a position to, where in his opinion an area not being adequately inspected, dictate to the support bureaus to strengthen his inspection team. This happened recently on a west coast trip which resulted in the entire inspection team of a bureau

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[17]Interview with members of the Bureau of Naval Weapons Inspector's General staff, January 1966.

[18]OPNAV INSTRUCTION 5040.7B, op. cit., p. 10.

travelling to the coast.[19]

Various key personnel in the inspection program hierarchy indicated that the consolidated area inspection concept influenced the control of vertical command and support over the shore activities.[20] Fleet Commanders direct the vertical guidance of command and support. The Navy has over-all supervision and area coordination via the horizontal span of control; and now with the ISIC the vertical line of command and support is interfaced with the horizontal command line at local level. This is a binding factor to area coordination and makes the inspection program more formal. In order not to dilute the authority of the fleet commander, the Immediate Superior in Command makes recommendations, not direction. Some of the key personnel of the Navy feel that they are getting a much broader appraisal of an activity by this approach; the vertical and the horizontal, in a sense, checking on one another.[21]

In a speech delivered to the 1965 Navy Supply Conference, the Chief of the Bureau of Supplies and Accounts remarked:

> The major change has been the strengthening of CNO/Fleet Command over those shore activities which furnish direct support to the combatant force. I am convinced that the new General Orders themselves are sound and will contribute to improved administration and operation of the Navy.
>
> The split between command and support does not -- and must not -- imply an adversary relationship at any point. It is meant as a

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[19]Authoritative confidential sources.

[20]Authoritative confidential sources.

[21]Interview with Mr. M. R. Seltzer, Head, Management Services Branch, Office of the Chief of Naval Operations, January 1966.

partnership in which we and the CNO[22] chain collaborate to do the best possible job at Centers and Continental United States (CONUS) Naval Supply Depots.

Suffice it to say that this is a novel experiment in management in which we will work cheerfully and energetically. I certainly hope and believe it will work.[23]

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[22]CNO, Chief of Naval Operations.

[23]Rear Admiral Herschel J. Goldberg, SC, USN, "Integration with Discrimination," A speech delivered to the 1965 May Supply Conference, May 4-5, 1965, Annapolis, Maryland.

CHAPTER VI

INSPECTION PROGRAM DIFFICULTIES

The Human Element

An understanding of the problems of management inspection is necessary for a full appreciation of successes and failures. The real problems in management inspection are created by the human element. Once the relevant considerations are available, other problems such as what shall be appraised, methods of inspections, and the determination of the best management practices are not simple; but they can be solved with perserverance. Although there is a considerable amount of experience to draw upon, perseverance per se is not enough to deal with the human element which is present in every phase of management inspection.

The inspector must appreciate the range of reaction on the confidence given his work, the validity of the facts which he collects, and the reception of his recommendations. There are two interacting aspects of this human element; one, the personality and attitude of the inspector himself, and two, the personalities and attitudes of those with whom his work brings him in contact. The background against which these personalities and attitudes are expressed is the administrative situation under survey and the possible results of the survey, detrimental or otherwise, for the members of the shore (field) activity concerned.

If management inspections are to be accepted by those being inspected

the inspector must possess those personal qualities that elicit confidence and cooperation. He must be professionally competent, objective, and fair. He must know his own limitations and not attempt to evaluate matters that he is not competent to judge. He must not be arrogant, demanding or overbearing.

Practically every textbook on management process contains at least one reference to the value of friendly human relations on the part of management analysts, auditors, management engineers, and inspectors. However, research of available Navy Department instructions and publications pertaining to management surveys or inspections fails to disclose one direct reference to the value of good human relation practices.

It is believed that too little emphasis has been given to human relations as it pertains to the management inspection program. The fact that inspection service has the support of top management from the beginning has something to do with the lack of attention to this vital aspect of the inspection function. A prevalent image of an inspecting officer is that of one who approaches with an olive branch in one hand and a hatchet behind his back.[1] Increased attention to the area of human relations helps overcome this stigma and enhances the image of the inspector as one of assistance not destruction.

Inherent Problems

A well-run and productive program of any kind is continually beset with problems; some forseen; others remaining to be solved if and when found.

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[1]LCdr. M. T. Sevier, SC, USN, "Inside IGSC," Supply Newsletter, (Bureau of Supplies and Accounts). (February, 1965), pp. 34-35.

So it is with the Bureau of Supplies and Accounts inspection program. Despite the extensive planning involved, there are situations which arise that are not anticipated, but which must be handled promptly and with adequacy when discovered. It is in this area that the Inspector General of the Supply Corps (IGSC) takes the initiative to ensure the Bureau of Supplies and Accounts management inspection program does not mire.

Problems existing at a shore (field) activity concerns everyone; but are not the responsibility of anyone. These problems occur because it is almost impossible to segment an activity so that all the organizational problems fall into organization pigeonholes. The lack of action to correct these problems results because of divided responsibilities, difficulties in getting authorization for change, or the belief that procedures reflect the superior wisdom of top management.[2]

The management inspection is especially suited to finding and solving this type of problem, because it questions the logic underlying the policies and procedures; evaluates the soundness of plans and objectives; and determines if the organization is set up to carry out the objectives effectively. Management inspection, as practiced in the Navy, largely approaches the inspection function by determining if official instructions and regulations are being followed. Very rarely will an inspector question the logic of a policy unless the course of inspecting uncovers a condition which points to an inadequacy in the existing procedures.

In the Navy, management control is complicated by the existence of command and support relationships and a pattern of military echelons which

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[2]William Travers Jerome III, Executive Control -- The Catalyst, (New York: John Wiley and Sons, Inc., 1961), pp. 174-175.

serve to make more difficult the maintenance of a proper balance between the echelons of authority. According to Gordon O. Pehrson, "the point is simply that unusual management problems related to field agency control do not originate at the local levels." The nature and size of problems which are somewhat unique to the defense department in this area of responsibility derive from three principal external causes. These causes are:

> 1. The bigness of the organizations of which these agencies are individual parts; (2) the complex interrelations between the many parts and layers of authority in these big organizations; and (3) the changing nature of the total defense programs to which these field elements must make supporting adjustments.[3]

Pehrson explains further that "all field agencies are captives of 'higher authorities,' and the station commander or plant manager is required to turn many different faces to these different authorities."[4] Pehrson further states: "the largest problem, however, remains and is not easily solved. This is the problem of a constantly changing defense program; and planning and controlling the use of the defense field agencies in a way that will permit their most effective use in supporting these changes."[5]

Pre-Inspection Deficiencies

It is commonly understood that a management review of an activity can be performed more effectively if sufficient information is known prior to departure from headquarters. The Inspector General of the Supply Corps

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[3]Gordon O. Pehrson, "Management Control in the Military Department," Management Control System, ed. Donald G. Malcolm and Alan J. Rowe. (New York: John Wiley & Sons, Inc., 1960), pp. 70-73. (Proceedings of a symposium held at the System Development Corporation, Santa Monica, Calif., July 29-31, 1959.)

[4]Ibid., p. 72.

[5]Ibid., p. 73.

(IGSC) and his staff are given a pre-inspection briefing by (Code 42) of the bureau. Presently the IGSC receives general stereotyped information concerning the activities. This knowledge is primarily historical data compiled from performance charts, reports submitted by the shore activities to the bureau, or statistics applicable to personnel numbers, physical plant, funding picture, and a statement concerning the activity mission and functions performed. All this is nice information, but the IGSC needs to know the problems relating to mission including any contemplated changes, problems relating to organization and plant including deviations from current organization being proposed, known interface problems within the Chief of Naval Material organization, the Chief of Naval Operations, Defense Supply Agency, and the General Services Administration.

Individual inspectors not only need to be knowledgeable in the functional areas or programs they are inspecting, but should have the latest information as to Bureau policy concerning that area. In addition, an analysis of statistics with Bureau interpretation of any known trends is helpful. Occasionally, the IGSC staff is not informed of changes in organization plans of an activity or approval for deviation from standard procedures which are authorized by the bureau. This causes embarrassment not only to the Inspector General of the Supply Corps staff but also to the activity being inspected. The IGSC office is of the common opinion that they are not adequately briefed prior to departure for an inspection.[6]

The IGSC office presently maintains files on the IGSC reports, Internal Audits, investigations, and various bureau support inspection

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[6]Authoritative confidential sources.

reports.[7] However, the General Accounting Office and the Manpower Validation Program reports are being processed elsewhere in other divisions of the bureau preventing the IGSC from getting the potential benefits of the reports maintained in BUSANDA. The final inspection reports concerning technical assistance rendered to the other support bureaus are not always received in the IGSC office for retention and examination for later use. The absence of these reports in one central location hinders the IGSC staff in preparation for on-coming inspections. Informal recommendations of inspections conducted by support bureaus other than BUSANDA are not normally received by the IGSC administrative office. It is felt that all inspection data be retained in the office files until the next activity inspection. The IGSC performs a certain amount of work collecting facts from past inspection reports from their files but lack of all pertinent data dilutes their information gathering capability. Review of previous reports and recurring observations on separate activities can be developed for an effective appraisal of the supply system. This system evaluation must be made if recurrence of problems exist at many installations. In addition, the General Accounting Office and the Manpower Validation Program report input is pertinent in identifying system wide problems, for they are normally conducted more in depth than the normal inspection. To review all reports is to make a survey of the past, to take a closer look at the methods and performance to determine whether or not they are carried out with maximum effectiveness and economy.

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[7]Interview with Commander W. F. Cecil, SC, USN, Administrative Assistant, to the Inspector General of the Supply Corps, January 1966.

Perplexed System

The implementation of General Orders Five and Nineteen creates certain problems in the management inspection program. The recent change in the inspection program hierarchy structure of the Navy Department has a considerable effect on the operation of the ISIC. General Orders Five and Nineteen add an additional administrative layer between the Naval Inspector General and the Bureau Inspector General, who is designated as the Immediate Superior in Command herein known as the ISIC.

The ISIC inspection teams, while employing the area coordination concept, tend to take on the philosophical coloration of their sponsoring organizations, if for no other reason than that they are exposed to the same environments and same influence. Thus, there is, in some circles, the thought that some ISICs cause the program to become fuzzy because of lack of clear delegation of authority as defined in the new general orders. Some current assignments of responsibility under the new orders parameter are ambiguous. Control and decision points are in some cases obscured or diffused. The resulting condition may often be characterized by asking, "Who is in Charge?"

Concerning the effectiveness of the present inspection program one finds mixed feelings among the various staffs. The most evident criticism is the absence of a basic philosophy to guide the management inspection program. Divergent views prevail between the ISIC and support bureau representatives. The present approach to the inspection program finds varied interpretations. This situation produces certain planning deficiencies. Consistency and correlation of inspection programs are difficult to establish, since each ISIC had different inspection procedures.

The tendency of each ISIC to have his own inspection procedures and methods truly handicaps the program. In certain quarters, the opinion is that the quality of inspections is weakened by the new orders, in that the ISIC controls the inspection and has preconceived ideas of the local operations, policies, and the techniques of conducting inspections are not standardized throughout the Navy. The inspection procedures vary greatly with total reliance in some areas on guide lists with "yes and no answers" through the whole gamut of the inspection. The pet projects of each ISIC are diversified, characterizing a parochial approach which is not effective in recognizing and analyzing system problems.[8]

Some ISIC supply representatives are inclined to direct support bureau representatives' effort toward a narrow area in lieu of the over-all broader scope. Some senior inspectors in their prerogative of calling the shots, divert support bureaus from the latitude which prevailed under the former system. The ISIC imposes on them the cautious approach to proceed tenderly because the ISIC is in command and the support bureau is in an advisory capacity. The old adage, experts should be "on tap not on top," applies. Apprehension on the part of the support bureau personnel is generated by the specter of change in status and position.

Some members of the inspectors' staff feel that certain areas of the final report are diluted. With the final report being the responsibility of the ISIC, the preliminary phases have various steps of refinement before the master report is ready for implementation. There also appears to be a duplication of reports in certain areas. The reports under the former inspection concept are the responsibility of the bureau inspectors general.

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[8]Authoritative confidential sources.

Increasing use of the guide lists in performing an inspection weakens the effectiveness of the inspection program. Inspectors General have mixed emotions about the use of guide lists. While they recognize the value of a written guide, staff members sometimes do not recognize that guide lists are merely a guide and not a substitute for the reviewer's judgment.[9] Thus, the inspector's initiative may be blunted, and might regard his inspection activities as a purely routine matter of checking off steps on a list of items to be done.

On Site Diplomacy

It is very important that the inspection senior member keep the commanding officer, executive officer, and department heads fully informed on survey developments. Failure to do so may have an adverse effect on recommendations. Meetings with key personnel offer excellent opportunities for acceptance by them of certain ideas during the inspection. Gaining acceptance little by little is frequently better than presenting a long list of recommendations after the survey. However, it is important that before showing recommendations to the commanding officer, their suitability should be carefully examined with the appropriate department heads.

The installation of computers has made the task of the inspector increasingly difficult. Mechanization of supply operations has created new problems for management inspection to solve. As data processing machines are introduced into the supply system, additional technical skills are required in determining the effectiveness of automation. In order for the

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[9]William P. Leonard, The Management Audit, (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1961), p. 120.

Inspector to understand and appraise programs and results, he must be adequately trained to participate in the advance planning of computer installation.

Some points to avoid during the survey which may present future problems and have a possible adverse effect on results are:

1. Failure to clearly define the purpose of the survey.
2. Lack of understanding by senior personnel on all survey aspects.
3. Lack of proper relationship and coordination between survey staff and component being surveyed.
4. Inadequate study of background material prior to survey.
5. Use of faulty fact gathering techniques. In some cases, for instance, personal observations and interviews are needed rather than a questionnaire to receive accurate information.
6. Fact gathering records are incomplete and improperly maintained.
7. Facts learned from one source are not checked with those from others thus preventing their proper integration.
8. Failure to convince senior personnel of benefits or recommendations.
9. Improper consideration of personalities involved.
10. Common feeling of survey personnel that their work ends with making of recommendations and that they should not be concerned with their implementation.[10]

Several difficulties encountered in the inspection program have been identified. Recognizing these difficulties, the next chapter considers the adequacy of inspection as a management technique in appraising and reporting performance of the shore (field) activities.

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[10]U. S. Department of the Navy, Bureau of Naval Personnel, Personnel Research Division, Organization Planning for Naval Units, NavPers 18371, March 1964, p. 179.

CHAPTER VII

SUITABILITY OF APPRAISING AND REPORTING PERFORMANCE TESTED BY INSPECTION PRODUCT AND IMPLEMENTATION

The ecology of inspection as a method of appraisal has been described in the previous chapters of this study. Included were the fundamental concepts of management inspection, the inspection process and procedures, the various techniques which are useful in practice, the role of the Inspector General of the Supply Corps, inspection difficulties, and finally, the inspection report, "the product."

The extensive change in defense organization during the past decade places a higher degree of control and coordination over the tasks of the Bureau of Supplies and Accounts. It also has the effect of increasing the importance and the workload of the Inspector General of the Supply Corps. His performance has greater significance because of the tighter controls top management imposes on its shore activity supply operations, and the growing need for more closely integrated management of the Navy supply system.

Management improvement requires a positive attitude plus performance devoted to maintaining effective and economical work processes. Today, the IGSC comprehensive inspection teams are making much more detailed examinations of BUSANDA command shore activities in consonance with the Navy's management improvement program. In this connection, Paul H. Nitze, Secretary of the Navy, has defined navy management improvement as:

> . . . composite of approaches, informal and formal, aimed at numerous and varied needs and problems, and consists of formally developed and conscientiously sponsored efforts to identify, propose, and achieve administrative changes which will correct deficiencies and effect improvements, eliminate unnecessary procedures, institute consolidations or other organizational economies, curtail or drop programs of low utility and effect savings.[1]

In every large-scale organization, special methods for assuring that field activities conform to plan are necessary. Auditing of records, inspection procedures, and similar devices are used. These mechanisms of control, sometimes called control arms, are usually separated from operating departments to secure objectivity and independence of judgment.[2]

Top management is concerned about what's wrong, not what's right. Management wants to know about critical levels of operation where emphasis should be on increased performance, greater effectiveness, and cost saving possibilities. It wants to know the major facts concerning weak, unsound, and costly practices, and loose or faulty standards. Management wants to know the facts so it can take prompt, corrective action to perform functions intelligently. This type of assistance to top management is furnished by staff units whose main function is to conduct independent, comprehensive audits, inspections and appraisals, and to report to management on problems which need correction. Such staffs perform the role of finding and spotlighting problems which do not come to light through normal reporting and review procedures.[3]

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[1]SECNAVINST 5200.3A., Subject: "Department of the Navy's Management Improvement Program," October 22, 1964.

[2]William H. Newman, Administrative Action, The Techniques of Organization and Management (New York: Prentice-Hall, Inc., 1951), p. 290.

[3]An article entitled, "Four Trademarks of Executive Direction," published in a Bureau of the Budget Pamphlet entitled: Management Improvement in the Executive Branch: A Progress Report, p. 14.

The Chief of the Bureau of Supplies and Accounts desires a "fallout" of the inspection program to extend beyond what might be narrowly implied by the term inspection. Top management requires that the inspection effort not only produce findings that identify the problem or poor performance area, but also workable recommendation responsive to the finding.

In management inspection, the real test of the inspector lies in his ability to develop and recommend improvements. His greatest skill and talent will be often required and exerted to a major degree in an effort to develop and present solutions to many situations needing attention. In the handling of difficult situations, his knowledge and experience is particularly important. All that the inspector knows is put to test, and what he does not know he must find out.

As supply system management grows in complexity, the need of the Chief of BUSANDA for help increases. To the extent that management inspection succeeds in meeting this need, it renders a most important service. Since service to the Chief of the Bureau is the key to inspection usefulness, inspectors endeavor to improve this service by, first, improving the quality of the inspection "product" -- the inspection report; second, getting the maximum inspection product (output) for each dollar and man-hour invested (input); third, encouraging top management to use the inspection product more efficiently. In these endeavors people are all-important. People make the inspections, and people must use the inspection reports if they are to be of any benefit. Only the inspectors can improve the quality of the inspection reports -- their coverage, timeliness, clarity, brevity, objectivity, and usefulness in improving the Bureau's management of its shore (field) activities.

One of the professor's at The George Washington University commented recently in class concerning audits, inspections, or surveys: "that the proof of the pudding is the report, the final product."[4] Regardless of the means, methods, or procedures used, the success of any audit or inspection mission is determined by the meaningfulness of the information to top management, -- being what it needs to know, represented by the final report, "the product." Efficiency at the top depends to a great extent on the quantity and quality of information flowing from the remote corners of an organization to a glass topped desk in a spacious office.[5]

The inspection report "product" is considered by many the most important phase of the inspection process. It is the principal means by which top management is apprised of an activity's ability to effectively perform its mission. For any program to be successful, top management support is essential. The Chief of BUSANDA has instructed the IGSC that he is to be briefed on the salient points of accomplishment as the result of the appraisal of an activity within three days upon completion of the inspection.[6] Specific matters, perhaps situations or problems of a most delicate nature, uncovered during the inspection and requiring definite decision and disposition by top management should be brought up for discussion.

The Chief also gains more general knowledge from review and

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[4]David S. Brown, Advanced Administrative Management Class, The George Washington University. Lecture on management controls, January 6, 1966.

[5]Charles E. Redfield, Communication Management (Chicago, Illinois: The University of Chicago Press, 1953), p. 124.

[6]Memorandum from the Inspector General of the Supply Corps to All Inspectors. Subject: Preparation of Inspection Reports. September 13, 1965.

discussion of the material in the inspection report. Not only does he get a current and direct discourse on detrimental conditions but he learns also what corrective action has or will be taken. On the basis of findings derived from such a comprehensive organization audit, management is able to identify organizational limiting factors and plan for effective remedial action.[7]

As was indicated in Chapter IV of this study, the value of an ICSC inspection cannot be easily measured in dollars and cents, for it is not possible to set down to a column of figures which represent the savings made. Being a staff function, the ICSC inspection contribution to the Bureau goals is extremely difficult to measure. Management inspections can be quantified as to staff participation but to evaluate the benefits versus the cost is hard. The management appraisal efforts of the Inspector General of the Navy Supply System are costly. The direct cost in salaries and travel expense of the permanent inspection staff of the Bureau of Supplies and Accounts Code 91, part time technical specialists, assistants, and salaries of non-inspection administrative personnel is about $300,000 annually. Figure 5 is a recapitulation of the personnel, by military rank, civilian grade, and pay presently employed by the Office of the Inspector General of the Supply Corps. Military pay and allowances are estimated in Figure 5. Civilian pay is estimated on the basis that all personnel are serving in step 3 of the applicable government grade.

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[7]William M. Fox, The Management Process, An Integrated Functional Approach (Homewood, Illinois: Richard D. Irwin, Inc., 1963), p. 388.

FIGURE 5

ALLOWANCE OF PERSONNEL, OFFICE OF THE INSPECTOR GENERAL OF THE SUPPLY CORPS
February 1, 1966[a]

Rank[b] of Civilian Grade[c]	Number	Estimated Yearly Total Pay and Allowance
Captain	2	$28,480.32
Commander	6	77,870.76
Lieutenant Commander	6	64,651.76
Lieutenant	3	29,463.48
GS-7	1	7,097.35
GS-6	1	6,854.67
GS-4	1	4,429.15
Total yearly pay and allowance		$218,847.49

[a]Personnel interview with representatives of the Office of the Inspector General of the Supply Corps, Bureau of Supplies and Accounts.

[b]All military personnel are considered to be married, and drawing the standard subsistence allowance and basic allowances for quarters.

[c]Estimated civilian pay costs are based on U. S. Civil Service Commission salary tables No. 44. Executive Branch of the Government, January 1966.

An estimate of the cost to naval activities in preparation for inspection and time spent with inspectors can only be subjective. In addition, the total cost of the inspection program includes an estimate of the cost of processing inspection reports, correspondence, and follow-up concerning the implementation of recommendations through to the top levels of management. The total cost of the inspection program surely exceeds one half million dollars annually. The travel cost of the inspection program alone has increased continually over the past few years. See Figure 6. The inspection program, or any program, costing in excess of one half million dollars a year should be periodically critically reviewed to assure top management that the scope and effectiveness of the program are commensurate with cost.

It is not easy to determine the degree of success that top management is obtaining through the inspection team effort. On one hand, it is a fact that a naval shore activity is commanded and staffed, in key positions, with managers of proven competence, experience, and training. It would follow therefore, that an inspection of such an activity could fail to produce any significant recommendations. This need not indicate, therefore, that the inspection team is deficient in skills and methods merely because of the paucity of the recommendations. On the other hand, if a thick report results from an inspection, this of itself is no assurance that all weak areas are uncovered.

It is obvious that the size of an inspection report does not tell whether or not team methods are serving management objectives. Some yardstick is still required, however, if management is to assure that resources

FIGURE 6

TOTAL TRAVEL COSTS OF MANAGEMENT INSPECTION PROGRAM
FISCAL YEARS 1962-1965[a]

Fiscal Year	Costs
1962	$22,390.88
1963	27,375.96
1964	37,256.98
1965	46,000.00
1966 (July 1965-Jan. 1966)	30,000.00

[a]Personnel interview with representatives of the Office of the Inspector General of the Supply Corps, Bureau of Supplies and Accounts.

allocated to inspection team efforts are effectively used. As stated above, if quantitative measures do not apply perhaps qualitative judgments can be made of the various outputs "product" of the inspection team.

One measure of the quality of the inspection "product" is the correlation between the reputation of the activity being appraised and the inspection findings. Where areas of management weaknesses are apparent from the general activity profile, inspection findings and recommendations should identify underlying causes and routes to solution. Where the performance profile indicates an output that is unique by greatly exceeding norms, it may be that the output product passed on to the next processing stage in the flow process is low in quality. In any event, experience has shown that there are few if any occasions when the broad range of opinions

which make up a naval activity reputation is really in error. All leads must be developed to some valid conclusion. An inspection report has quality when it speaks in definite terms to the cause factors; the results of which give an activity its reputation.

Both the usefulness and feasibility of the IGSC inspection depend upon ability to appraise and analyze past and current experience. The directions and methods for future policy rely critically on the qualitative "product" derived from the past, present, and near future. Rational planning applies to new departures, such as General Orders Five and Nineteen, only to the extent that they compare with something in the past.

The IGSC staff participated in approximately 100 inspections during the calendar year 1964, and 125 in 1965, highlighted by comprehensive appraisal of the two major naval supply centers.[8] Inspection of supply operations in 1964 was conducted at BUSANDA activities where management control was the responsibility of BUSANDA and technical assistance was rendered to support bureaus. In 1965 inspections were performed at activities under the command of BUSANDA and technical assistance was provided support bureaus. Equally important were the CNO Manpower Validation Program surveys.

The author felt it important to present the background and impact General Orders Five and Nineteen have had on the inspection program. Recognizing the multiplicity of opinions concerned with the new orders, the author decided to analyze by random sampling the inspection "product"

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[8]Personal interviews with representatives of the Office of the Inspector General of the Supply Corps, January 1966.

Foreword, Invitation and Recommendation of the Office of the Secretary General of the Pacific Union, January 1964.

prior and subsequent to General Orders Five and Nineteen.

Review of numerous inspection reports for calendar years 1964 and 1965 prior to the implementation of General Orders Five and Nineteen disclosed that the IGSC staff spent a good portion of their time ascertaining the extent of compliance, interpretation of instructions, and correcting deficiency or attempting to prevent its further development. Out of a total of 750 recommendations, approximately 400 involved compliance with specific directives. For example:

_____ OBTAIN BUSANDA APPROVAL TO DEVIATE FROM BUSANDA MANUAL PARA. 23010.

_____ PERFORM AN ANNUAL RECONCILIATION OF LUBS IN ACCORDANCE WITH BUSANDA MANUAL PARA. 24153.6b.

_____ TAKE FOLLOW UP ACTION ON UNMATCHED PUBLIC VOUCHERS AS REQUIRED BY NAVEXOS P-2449.[9]

Appendix C contains a random sampling of two sections of inspection reports, Fact and Recommendation. Due to the sensitivity of the reports, the author has eliminated reference to the inspected activity.

Compliance with specific regulations was considered significant by top management because disregard or misinterpretation could result in erroneous decisions by managers of the shore activities. So important was the necessity for compliance that it was considered the primary interest, with management techniques secondary in some instances.

Prior to the new orders, management control over shore activities was delegated by the Chief of Naval Material (CNM)[10] to BUSANDA. The

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[9]Extracted from listing found at Appendix C.

[10]CNM, Chief of Naval Material.

Bureau with this responsibility was primarily interested in supply functions. On the other hand, the military commander conducted the administrative and personnel inspection. The Bureau being answerable to CNM, issued instructions and directives to carry out policies and procedures, and the IGSC was concerned with the shore activities compliance with these official directives. The author, after an analysis of the management control concept, is of the opinion that inspection procedures and methods emphasizing compliance is inherent with management control responsibility.

An analysis of inspection reports since the implementation of General Orders Five and Nineteen indicated that the IGSC in discharge of his responsibilities as listed in Chapter IV, adapted his methods somewhat to conform with the changing nature and the increased volume of tasks. However, certain old inspection procedures apparently are ingrained.

Departure from the traditional practice is difficult and indeed, for most inspection staffs, the inspection methods and procedures for management inspection have changed very little over the past few years.

Under the Class III classification as indicated in Appendix B, BUSANDA has command and support responsibility. The Bureau, in a sense, is the military commander over Class III activities while the CNO is military commander over Class II. The administration and personnel inspections formerly performed by the military commander of an activity now are conducted by IGSC as the Bureau representative. IGSC must conduct personnel inspection and validation of personnel records. This comprehensive inspection is more detailed and broader in scope. Inasmuch as BUSANDA is not staffed to adequately inspect all elements, greater reliance has to be placed on the support bureaus.

The formal reports of inspection now evaluate in more detail the nature and scope of the operations of the activities inspected. In addition, the staffing procedures are now more stringent than formerly. Reports are prepared by the senior official conducting the inspection and forwarded to the inspected activity head via the primary support agency for comment, endorsement, and attachment of appropriate guidance. Reports are received by the support bureau within two weeks after inspection, and must be processed within five weeks of the date of the inspection or the terminal date of the "open season." The Bureau has a deadline date to meet in staffing the reports throughout its devisions.

Prior to General Order Nineteen, ninety days was the normal time allotted to staff a bureau inspection report. The deadline of the new orders caused the report, in one sense, to be more meaningful and created more stature for the inspection program. Despite the extra workload demanded of the inspection offices, there is a consensus that the Navy is getting more meaningful information concerning the "whole big picture."

Under the old system, recommendations, because of the management control procedures, were either for action by the management bureau or the commanding officer of the activity. Recommendations under the new system are directed for not only higher authority execution but also for action by the primary support bureaus as well. This contributes to additional compliance which did not exist under the previous program.

The important feature of the Bureau inspection report, as far as the activity inspected is concerned, is proper recognition of the IGSC

report. No matter how well the inspecting activity is organized, the final results will not be achieved unless a responsible person, with adequate authority, follows each report through to a conclusive end. Under the new system, the activity inspected must report implementation action within sixty days to the ISIC with a copy to the support bureau. The support bureau has responsibility for follow-up. Follow-up is one aspect which was neglected in the past, but now becomes an important element of the management inspection program. The onus rests with the support bureau to maintain a responsive follow-up procedure.

In response to the research question addressed by this study, "Are present methods used in conducting management inspection adequately appraising and reporting performance of the shore activities?", the author's answer is affirmative, although improvements in some areas are evident. A random sampling review of the recommendations of various inspection reports, the quality of the "product," future benefits, staffing and follow-up procedures highlights the outcome of the IGSC inspections. Approximately 98 per cent of the "end product" reports involve implementing action by the Chief of the Bureau of Supplies and Accounts. In view of the high percentage of acceptance by top management, the author concludes that the present methods are adequately appraising and reporting performance of shore activities.

However, in the final chapter of this study the author presents possible improvements in policies and techniques presently utilized. Proposals to ameliorate some of the difficulties discussed in Chapter VI also will be presented.

CHAPTER VIII

POLICY AND TECHNIQUE IMPROVEMENTS

In our free society the Government expects continuing scrutiny and criticism of its efficiency. As summarized by President Kennedy in a speech to Congress, "the search for greater efficiency is never finished . . . . What was efficient practice a few years ago may be obsolete today . . . . In striving for greater efficiency we are pressing forward on three fronts: management improvements, cost reduction, and the reform of our public salary system." Further, the President told Congress he had directed agency heads to improve manpower controls and increase productivity. He said an inspection system would be carried on to "measure the effectiveness and results of our efforts and to help uncover new ways to economize."[1]

Amid the ubiquitous results of automation, computers, quantum jumps in science, decentralization of supply operations, and integrated management support which are evident in the management inspection program of shore activities, the IGSC finds his job becoming more complex. As more and more sophisticated supply systems are developed, the task becomes more challenging.

The management of any program that follows a future course based

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[1]John F. Kennedy in Budget Message to Congress, The Congressional Record, January 17, 1963.

[illegible] 9, meeting in regular session in Cheyenne, The Cheyenne[illegible]
[illegible], January 11, 1972.

primarily upon ways and means of the past may be courting trouble. The difficulty might be in an attempt to appraise future inspection elements of automation with obsolete methods and techniques. If the opportunities for progress are to be realized in the forthcoming years, increasing attention must be given by those in management to the continuous need for re-evaluation and re-appraisal of their methods.

An organization's vitality depends upon how well it responds to new and greater needs. Its survival requires alert adaption to the demands of changing times. Many new implications will occur as the result of advanced techniques in automation. Computers are in wide use in most large supply and support bureau activities. Increased responsibilities and diversification of assignments, together with greater attention on resources control, are demanding improved techniques.

Some improvements in the present policy and techniques of the appraisal function which may possibly enhance the quality and effectiveness of the inspection program are:

First, place emphasis on the management aspects of the program in contrast with emphasis on compliance with directives, instructions, and manuals. In the past, inspection methods and procedures were inherently predicated on compliance with official directives and appraising operational performance. The approach toward the management phases will enhance the quality of the inspection function.

Focusing on the problems which center around management, in lieu of operations, will determine just how knowledgeable the supply officer is of problems involving top level, in lieu of middle level managers. Many

problems are traced right back to the supply officer's shop.[2] Lack of coordination on his part is normally the cause of the discrepancy. How well is he doing his job? What management techniques is he using to appraise his operations? Are they effective? Is the emphasis on high value items in lieu of general stores? Questions like these should be asked of the supply officer to adequately appraise the accomplishment of the activity in fulfillment of its mission.

The need for a shift from detailed inspection for compliance in performance to more general management inspection was recognized by Captain S. B. Lee, former Inspector General of the Supply Corps, in a memorandum to the Chief of BUSANDA in which he stated: "In recognition of the altered alignment of responsibilities between command and support officials, the compacting of the Navy supply system with the growing of the DSA, the proliferation of inspection efforts, and the ever growing complexities of our system, I see a need for a planned transition of the IGSC toward an increased emphasis on management inspection programs with a lesser emphasis on inspection performance."[3]

Second, increase the usefulness of the IGSC staff by: (a) development of standards of performance in all areas where performance can be quantitatively measured. Possible types of indicators are listed in Appendix D. Inasmuch as there is no standard method of evaluating or appraising performance, the task remains with the IGSC to establish standards

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[2]Authoritative confidential sources.

[3]Memorandum from Captain S. B. Lee, SC, USN, the Inspector General of the Supply Corps, to the Chief of the Bureau of Supplies and Accounts, Subject: Summary reports of the Incumbent IGSC dated August 3, 1965.

and objectives for the inspection program to exercise such controls, and employ such techniques as necessary to assure that the inspection program operates efficiently; and (b) sponsor an activity self-improvement program through reorientation of present guide list to the thought processes the IGSC strongly urge should be followed in inspection. Areas of self-analysis and inspection guide goals are shown in Appendix E.

Current guide lists are the traditional type concerned with compliance with directives and instructions (Appendix A). While there is a generally unfavorable connotation to the term "inspection guide list," conducting an inspection does require organized disciplined thought processes. Organized disciplined processes can be verbally described. Present guide lists are stereotype patterns looking shallowly at superficial matters and classifying them either black or white. The guide lists can be flexible and searching, and can assign weights and values to observations. In addition, self-improvement assistance may be enhanced by publicizing findings that have an application beyond the activity in which it occurs. This would also include material derived from Navy Area Audit Office reports and General Accounting Office reports. At the time of this study, the above procedures were under consideration by the IGSC.

Third, develop experts in functional areas, in lieu of, each inspector being a generalist or "jack of all trades." With our sophisticated operations today, the generalist needs an overview of the latest thinking in the various supply fields. Specialists can work directly with the internal bureau divisions and develop a better insight into problems in the field. Specialists can have a broader and more detailed knowledge of the

functional area under their responsibility and can maintain pace with the latest happenings, policies, trends, and problems in their element. Such is in consonance with General Orders Five and Nineteen. Specialists can be assigned to inspect across horizontal lines of activities located within the area coordination. This can be accomplished under the present inspection program guidance of the ISIC. The support bureau can gather more salient facts concerning the shore activities. A specialist in each functional area can get a broader and more in depth appraisal of the activities under the ISIC banner. This can produce information more meaningful to the Navy Inspection Program.

Some inspectors are in agreement with the author in establishing a functional element intertwined with other activities threaded by an audit trail approach. The audit trail is a system which produces a punch card or tape with the details of every transaction processed from beginning to end. Other members of the IGSC staff endorse the vertical program approach. Regardless of what system is used, the vertical or horizontal, in this era of increased specialization, the IGSC must consider the specialist functional approach.

Fourth, increased use of available in-house management appraisal effort. Some of the information needed for improved inspection processes is available or obtainable in-house with reasonable effort. The Bureau has established a Management Information Center (MIC) in Code 01-6 divided into a Management Information Center and a Planning Control Center. The functions of the MIC are:

1. Displaying of information and data for various levels of management.

2. Performing sufficient analysis of data to identify BUSANDA problem areas.
3. Setting up activity performance charts.

Code 04 of the bureau submits information concerning the shore activities to Code 01-6. The MIC has responsibility for arranging a program of periodic review by the Chief of the Bureau of problems, plans, progress analysis, and evaluation. The appraisal capability of the IGSC can be ameliorated by a pre-inspection briefing conducted by the MIC personnel. The IGSC can verify the shore activity raw data input, create greater integration with MIC operators in determining problem areas, and concentrate on areas which contribute most to management goals. The validity of the data received by the bureau also can be verified. The IGSC appraisal of the shore activities can assist in filling the gap in the bureau's management information system.

Fifth, central location of all types of inspection reports, manpower validation reports, internal audit office reports, and general accounting office reports in the IGSC office. The IGSC office can make maximum use of all management reports pertaining to bureau supported shore activities as a means of constantly improving the breadth, scope, and coverage of their own inspection program. These reports can be reviewed and action taken as necessary to assure that problem areas reported by other bureau inspectors and auditors are provided appropriate inspection coverage. This can also increase the use of management reports to identify problem areas and to communicate with other levels of support bureau management within the system framework.

Future Trends

With the emphasis being on reduction of the number of inspections as an outgrowth of General Orders Five and Nineteen, it is suggested that it might be in order to consider a consolidation of the support bureau inspectors within CNM. With the establishment of the Inspector General, Naval Material Support Establishment, the need is recognized for studying the various bureau inspection reports, attending area conferences, participating as an observer in selected comprehensive inspections and investigating agencies. Consolidation of inspectors would provide CNM with a complete coordinated effort in the conduct of all inspections and would also provide a trained staff (specialists) which would keep CNM fully appraised of the performance of the shore (field) activities under his command and support. The Inspector General, Naval Material Support Establishment (IGNMSE) as the representative for CNM would likewise provide a more workable concept since he would be working directly with the ISIC in rendering assistance as required during the "open season." Combined inspection effort under CNM would give the support bureaus stronger representation in area coordination. This would also enable inspections to be conducted horizontally in functional areas across the parameters of the various shore activities.

The author is of the opinion that the IGNMSE will assume a more active role in the Navy Inspection Program with the support bureaus. Cross-fertilization and multi-functional interest in supply operations at activities will enhance the quality of the inspection program. Consolidation of effort, association of ideas, and interface of support bureau inspectors

will ameliorate the procedures and methods of the program.

Some of the results of consolidation may be:

(1) Inspection program would be more meaningful to CNM.
(2) Eliminate the difficulty of IGNMSE keeping abreast of the individual programs being conducted by the bureaus.
(3) Savings in manpower, possible savings in billets.
(4) NMSE would get a lesser parochial viewpoint from the bureaus.
(5) Less disruption on the part of the shore activities by the inspection of consolidated strength by IGNMSE.

Future Role of IGSC

Inspection capability will be mandatory wherever responsibility is involved. Top management will always require a staff to keep it abreast of actions of shore (field) activities. Someone in an official capacity will always be necessary to perform an independent appraisal.

The utilization of the IGSC as a tool of management depends greatly on the promulgation of the inspection schedule by the NIG, outside influences, and also on the Chief of the Bureau of Supplies and Accounts. The present size of the staff is influenced by the Chief of BUSANDA but in the future may depend upon the role of the IGNMSE.

General Orders Five and Nineteen have placed the support bureaus in the role of "middlemen" between the Chief of the Bureau and the ISIC. As long as the funding of personnel costs under a ceiling and operation and maintenance cost is being provided by central control from bureau headquarters, the IGSC will be assisting the ISIC to overview the support bureau's interest. Since the prerogatives of spending closely tie with the execution of the bureau allotments which the Chief is directly responsible for, appraisal of the shore (field) activity will demand IGSC participation.

Management Inspection Growth

Inspection as a tool of management for appraisal of performance is growing rapidly. Within the Department of Defense and the military services particularly, numerous inspection offices are being established or upgraded in position. The following offices have been instituted or upgraded during the past year:

1. Director for Inspection Services, Office of the Assistant Secretary of Defense (Administration) (DINS). This office is responsible for the appraisal of the operational and management effectiveness and efficiency of the Defense Department agencies.
2. Establishment of Navy Vice Admiral position in the Office of the Naval Inspector General who is responsible for directing the Inspection Program in the Navy.
3. Establishment of Inspector General, Naval Material Support Establishment who coordinates and evaluates the inspector general organizations of the Naval Material Support Establishment.
4. Establishment of the Inspector General position in the Navy Comptroller's Office for appraisal of shore activities under the command of the Navy Comptroller.

These offices were established primarily as an outgrowth indirectly from the Review of Management of the Department of the Navy known unofficially as the "Dillon Report," which indicated that capability for appraisal of the shore (field) activities was deficient. Indeed it seems that the year 1965 was an appropriate, if somewhat arbitrary, starting point for what might be called the "era of management inspection."

APPENDIX A

Bureau of Supplies and Accounts
Inspector General of the Supply Corps

Guide List
For
Naval Shore Activities Inspection Program

SUBSISTENCE DIVISION (GENERAL MESS)

Bureau of Supplies and Accounts
Inspector General of the Supply Corps

Guide List
For
Naval Shore Activities Inspection Program

SUBSISTENCE DIVISION (GENERAL MESS)

This guide list is intended to assist in the planning and conducting of comprehensive inspections of naval shore activities by providing guidance in determining the effectiveness with which a specific supply related function is being performed.

Subsistence Officer_____ Reported for Duty_____

Additional Duties_____

Collateral Duties_____

_____

_____

Assistant_____

Duties_____

Officer Personnel

	On Board	Allowed
____	_____	_____
____	_____	_____
____	_____	_____

Enlisted Personnel

Rate	On Board	Allowed
CSC	_____	_____
CS1	_____	_____
CS2	_____	_____
CS3	_____	_____
CS Strikers	_____	_____

Enlisted Personnel (Continued)

Rate	On Board	Allowed
SKC	_____	_____
SK1	_____	_____
SK2	_____	_____
SK3	_____	_____
Strikers	_____	_____
Messmen	_____	_____
Master at Arms	_____	_____
Others	_____	_____
TOTAL	_____	_____

Ration information for last four quarters

Quarter	No. Fed	Allowed	Allowed cost per ration	Cost per ration	Under or over issue

List location of each branch mess.

What activities are furnished messing support?

_____ _____

_____ _____

_____ _____

What activities (including organized messes) purchase provisions from the Supply Officer through the General Mess?_____

_____

GENERAL

1. What was the date of the last inspection?

2. By whom was the last inspection made?

3. Has satisfactory action been taken on all recommendations of the last inspection?

4. Does the Subsistence Division have copies of publications on hand that are required for them to perform their work efficiently and expeditiously? (15002)

a. Are any publications or extra volumes maintained in excess of those required? (15050)

b. Have publications been corrected to date?

c. Is a list maintained of all official publications on hand? (15002)

5. Is an organization chart posted? Does it reflect the status of the organization on the date of the inspection? Does it conform to the standard organization? (11072) Are deviations authorized in writing defining areas of responsibility? (41588)

6. Have written instructions defining the duties and responsibilities of commissary personnel been prepared and distributed as required? (11111 and 41587-3)

7. Does the Chief Commissaryman in charge of the galley have custody of or control over original records of subsistence items received? (41591-)

8. Is there an adequate number of commissarymen ratings on board to discharge properly the duties of the Commissary Division? Messmen? Master at Arms? Storekeepers, if required? Strikers? (41591)

9. In the opinion of the inspecting officer, is the training program for the Commissary Division adequate? Are all commissarymen given an opportunity to read the monthly Navy Food Service regularly?

10. If subsistence personnel receive a commuted ration allowance, has a system been established to insure that such personnel pay for all meals consumed? (41065-3e)

11. Has an adequate Disaster Feeding Plan been provided? Has it been tested? (41666)

12. Atomic Biological and Chemical Warfare Passive Defense. (41756-41758)

a. Has a training program been established to acquaint commissary personnel with the feeding problems in case of an ABC attack?

b. Is the Subsistence Officer familiar with the instructions contained in BUSANDA Manual, pars, 41756 - 41758 regarding the establishment of emergency messing spaces?

c. Do the masters at arms in charge of the scullery and commissary personnel in charge of various commissary spaces understand the decontamination procedures described in BUSANDA Manual, pars, 41756 - 41758?

d. Has it been arranged that, in event of a BW attack, a qualified person will be on hand to test the chlorine content of the soaking solutions described in BUSANDA Manual, par. 41757-7c?

e. Are materials available on the station to decontaminate messing spaces, equipment and utensils?

Dishwashing compound	_____	Formalin	_____
Ethylene Oxide Gas	_____	Hypochlorite or other chlorine compounds	_____

13. Does the subsistence officer and his assistants make daily cursory inspections and thorough weekly inspections of the general messes? (41587-5)

14. Have records been disposed of in accordance with the schedule in BUSANDA Manual, par. 16152?

Stock Records

15. Are bulk stock records maintained by the supply or fiscal officer? (41161)

16. If bulk stock records are maintained by the subsistence officer, has authority been obtained from the Navy Subsistence Office? (41161)

17. If bulk stock records are maintained by the subsistence officer;

a. Are Standard Price Adjustment Sheets (SandA Form 448A) or Adjustment Cards (SandA Form 449) prepared for changes in standard prices and local carrying prices and are they filed and maintained? (24132-6, 24425)

b. Have unit prices for subsistence items been rounded off to the nearest cent? (24132-5)

c. Have unit prices for items not on standard price lists been established in accordance with BUSANDA Manual, par. 24132-5?

d. Have dummy invoices been prepared and posted to the stock ledger for subsistence items received without invoices or unpriced invoice? (24130)

e. Are any subsistence items on hand that are not authorized for use in the general mess? (41041-3) Are the items required to support a resale activity? (BUSANDA INST 4065.2B) or an activity of another service?

f. Are stock records balanced and closed at the end of the accounting period and inventory balances carried forward? (41501)

18. Are all receipts and expenditures posted to commissary records on a current basis? (41163)

19. Examine Stock Tally Cards (SandA Form 209) , if used. (41163-5)

a. Are all entries on stock tally cards made in ink or indelible pencil?

b. Are separate stock tally cards maintained for each item of subsistence on hand?

c. Spot check the quantity on hand as indicated on the stock tally card with quantity actually on hand by inventory. Do stock tally cards reflect quantities of subsistence items actually on hand?

20. Subsistence Ledger (41163) 84

a. Are realistic high and low limits recorded on each page of the Subsistence Ledger?

b. Does each Subsistence Ledger sheet contain the correct fixed unit price and the last receipt invoice unit price? (41163-2)

c. Are sales made at the standard or last receipt invoice unit price?

d. Is the ending inventory extended at the standard or last receipt invoice unit price? (41500-2c)

e. Does the accountable officer investigate and initial all inventory adjustments posted to the Subsistence Ledger (SandA Form 335) that are in excess of five per cent of the total inventory quantity of the item? (41501-1b)

Procurement

(NOTE: Purchase orders under contract should be examined and orders under contracts should be compared with copies of the contracts.)

21. Were any subsistence items procured which were not under contract or were not authorized for use in the General Mess? (41041-3) (41211) (BUSANDA INST 4065.2B

22. Have any difficulties been experienced in requisitioning authorized subsistence items from Navy supporting activities? From other authorized sources including Regional Headquarters of the Defense Subsistence Supply Center?

Custody of Bulk Stocks

23. Does the supply officer have custody of bulk stocks? If the subsistence officer has custody of bulk stocks, has authority been obtained from the Navy Subsistence Office? (41351)

24. When the subsistence officer has custody of bulk stocks, are quantity differences between stock records and the physical inventory absorbed in the cost of issues to the general mess? (41500-3b and 41501-1b)

Receipt and Inspection

25. Has the Commanding Officer designated personnel of the Supply Department to inspect all subsistence items upon receipt to ascertain the exact quantity received and sign necessary papers to acknowledge receipt? (41281 - 41282)

26. Are receipts from vendors weighed to determine quantity received? Have scales been inspected recently to determine accuracy? (41281-3)

27. Are quality inspections of subsistence items made in accordance with NAVSUBSOFC INST 4355.1?

28. Are adequate steps taken to insure subsistence items received from vendors conform to the standards of specifications quoted in the contract or purchase order? (41297)

29. Are all receipt documents in agreement with postings to the record of Receipts and Expenditures (SandA Form 367)?

Supply Support

30. Are requisitions submitted in accordance with the requisitioning channels contained in NAVSUBSOFC INST 4200.1? If not, has NAVSUBSOFC been advised?

31. Are any interservice supply support agreements in effect? Are they current? Has NAVSUBSOFC been furnished a copy? (NAVSUBSOFC INST 4200.1)

Expenditures

32. Are issues from the Supply Officer to the subsistence officer made on approved Request for Issue or Turn-in (DD Form 1150), Subsistence Report (SandA Form 1059-1) or other appropriate document? (41351)

33. Does the Chief Commissaryman report to the subsistence officer each morning all issues to the General Mess for the previous day? (41366)

34. Is the correct basic ration allowance rate used in computing the allowed value of issues? (NAVSUBSOFC INST 7330.1A)

35. Are issues to the General Mess recorded accurately on the applicable records? (41163 and 41366)

36. Examine the General Mess Control Record (SandA Form 338) and compare the cost of ration as shown on the Control Record with the actual cost at the end of the accounting period. Is the Ration Record properly maintained? Does it accurately reflect the day-to-day cost of operation? (2% is considered an acceptable difference) (41163-6 and 41639-2)

37. If subsistence items are sold to authorized clubs and messes, has approval for such sales been obtained from the Chief of Naval Air Training, or the Commander Amphibious Training Command, or Commandant of the Naval District or the Force or Area Commander? (41402)

38. If subsistence items are sold to authorized clubs and messes, are sales made on a form prescribed by the supply or subsistence officer as applicable and approved by the mess treasurer or his authorized representative? Does the mess representative sign the issue document to indicate receipt? (41402-7)

39. If a person other than the mess treasurer is authorized to approve requisitions, such authority will be furnished to the supply or subsistence

officer in writing (Manual for Messes Ashore, Art. 1023, NAVPERS 15951)

40. Are prices charged for meat cuts sold in accordance with BUSANDA Manual, par. 41404?

41. If provisions are sold to individuals within the continental United States, has approval been obtained from the Bureau of Supplies and Accounts? If sold to individuals beyond the continental United States, has approval been obtained from the appropriate commander? (41403)

42. If provisions are sold to individuals, is a 5% surcharge collected? (41403)

43. Are losses without survey recorded in an Expenditure Log? Does the subsistence officer sign each entry? Is the Log closed and an Expenditure invoice prepared at the end of each accounting period? (41451) (NOTE - the requirement for a survey log will be deleted from the Manual)

44. Are all surveys signed by a surveying officer appointed by the Commanding Officer? (41426)

45. Do surveys contain complete information? (41425 and 41434)

46. If meals are sold in the general mess, is proper authorization obtained for such sales? (41065)

47. Are meals sold in accordance with the prescribed general mess menu only and without substitution or the addition of food items? (41065)

48. Is the sale price for meals, including brunch, in accordance with the rates set forth in BUSANDA Manual, par. 41066?

49. Is a surcharge being collected for the sale of meals where applicable? (41066)

50. Has a system been established to insure that personnel not entitled to a ration in kind pay for meals eaten in the general mess? (41066-3b(1) and 41050-2a)

51. Has an adequate procedure been established to insure control over all funds received in connection with the sale of meals? Is the custodian of funds provided with adequate facilities for the safekeeping of such funds? (41066)

52. Does the subsistence officer, or the collection agent receipt for cash, in the Cash Receipt Book (SandA Form 470), collected from the sale of meals? (41066)

53. Is a record of the sale of meals maintained to substantiate sale of meals from the general mess and the ration credit to be claimed? (41066)

54. Has a change fund been established for the sale of meals? Has it been approved by the Commanding Officer? (41066)

55. Are proceeds from the sale or meals in excess of the authorized change fund deposited daily with the disbursing officer, when practicable? If not, are funds deposited at least twice weekly? (41066)

56. Is a separate invoice prepared to record collections of surcharges? (41066)

57. Are all expenditures of subsistence items except stores consumed, surveys, surplus dairy products, inventory and price adjustment reported as other expenditures opposite the caption "Other" of the General Mess Operating Statement (SandA Form 45)? (41531-2b)

58. Is the value of the price adjustment realistic? The purpose of the price adjustment is to prevent monetary gains and losses from being included in the value of issues to the general mess. However, it may conceal intentional or unintentional accounting errors. Test the validity of the value of the price adjustment by:

a. Selecting several receipt invoices at random and verify the postings to the Subsistence Ledger (SandA Form 335) of the quantities of each item.

b. Verifying the unit prices used to compute the value of issues to the general mess with the unit prices in the latest fixed price list.

c. Checking the computation of quantity times fixed unit price shown on break-out documents for several items selected at random.

Returns

59. Deleted.

60. Review the General Mess Operating Statement (SandA Form 45). Has an overissue been reported on the Form 45 since the last inspection? If so, have adequate measures been taken to prevent recurrence?

61. Have issues of dairy products been recorded on SandA Form 45? (41531-2b(2))

62. Deleted.

63. Has action been taken on all letters received from the Navy Subsistence Office regarding subsistence returns?

64. Have returns been prepared and submitted on time? (41486-1)

Ration Entitlement

65. Have procedures been devised by the Command to provide the Subsistence Division with daily data concerning the anticipated number of on-board rations to be fed? (41589)

66. Is an accurate meal count made of all personnel subsisting from the general mess? (41055-4) Does this count also include those personnel not passing through the mess line, i.e. personnel on working parties, in patients of the dispensary or station hospital, etc.

67. Is the certification on the reverse of the SandA Form 27 properly completed to effect reimbursement for rations furnished other services? (41056-3c)

68. Are daily and monthly Personnel Recapitulation and Mess Ration Credit (SandA Forms 27) received promptly? (41056-2)

69. Is the record of headcount certified by the person taking the count? (41055.4)

70. Is a breakdown of the categories and number of rations furnished to Naval reserve personnel on training duty made on the reverse of the daily and monthly Personnel Recapitulation and Mess Ration Credit (SandA Form 27)? (41056-2a(4)(b))

71. Does the count of personnel indicated on the meal record agree with the count reported on the Personnel Recapitulation and Mess Ration Credit (NAVSANDA Form 27)?

Menu Planning

72. Analyze recently prepared menus for: (41626 - 41628)

a. Variety of foods and methods of cooking.

b. Balance and appeal of meals.

c. Recipe service references.

d. Seasonal applicability of foodstuffs.

e. Food preferences.

f. Approval.

73. Does the subsistence officer have written permission from the Commanding Officer to make necessary changes in menu? Are all changes made in the approved menu reported by memorandum to the Commanding Officer and accompanied by a statement of reason for changes? (41628)

74. Is the Navy Food Service suggested menu used as a guide in menu preparation? If not, determine why. (41617)

75. To what extent is the Navy-Marine Corps Recipe Service (NAVSANDA Publication 7 and MCO P-10110.16) used in menu preparation? (41616 and 41652)

76. Is there a salad bar? (41665) If not, is it practicable or desirable to have one?

77. Had a Menu Planning Board been established? If not, is one considered desirable? If so, does it operate effectively?

78. Are all authorized ration-dense items stocked and used regularly? (41618)

Preparation of Food

79. What use is made of the Navy-Marine Corps Recipe Service (NAVSANDA Publication 7) in the galley and bakeshop? (41616, 41650 and 41652)

80. Check at random the actual quantity of food prepared (as reported on the applicable SandA Form 1059-1) for a given recipe with the estimated quantity shown in the recipe. Does the quantity of food prepared compare favorably with the number of rations actually fed? (41652)

81. If the activity is in an area serviced by a Field Food Service Team, when was the last visit by such team? Is there any present need for a visit to this activity by a Food Service Team? If so, has a visit been requested? (NAVSUBSOFCINST 4061.3E)

82. a. Are preparation instructions furnished watch captains citing cooking schedules for each item? Is the Galley Work Sheet utilized? (41650)

b. Is the time between preparation and service of food kept to a minimum? (41651)

c. Are meats prepared in increments to permit serving immediately after cooking?

d. Are vegetables prepared in small quantities and timed to stay just ahead of the serving line requirements?

e. Are scientific cooking methods employed, such as controlled temperatures and controlled cooking time? (Applied Cookery, NAVSANDA Publication 277) (NOTE - to be incorporated in FORM - Food Operations Reference Manual)

83. Determine the adequacy and condition of galley and bakeshop equipment. (41587)

a. Were plastic-laminated operating and safety signs attached or located adjacent to food preparation machinery? (OPNAV Publication 34P1) (41587)

Service of Food

84. Examine routine and system for serving of food for: (41665)

a. Promptness of messmen reporting at food service stations.

b. Cleanliness of attire and person of messmen.

c. Manner of serving.

d. Appetizing aspect of food.

e. Cleanliness of serving counter.

f. Routing of serving line.

g. Commissarymen stationed at serving lines to supervise food service. (41679)

h. Responsible petty officer assigned to observe excessive tray waste.

85. Have satisfactory arrangements been made to provide for the feeding of personnel who, by the nature of their work, cannot attend regular meal hours? (41667)

86. Review retained records to determine compliance with current policy concerning the procurement and use of commercially baked rolls and brown and serve rolls. Is existing equipment used to the maximum extent possible to produce rolls and pastery? (41041-3, Footnote 5)

87. Are copies of the menu displayed to the men before they reach the serving line? (41665-4)

Flight Rations

88. Are flight meals being issued or sold? If so, take a sampling of S&A Form 340 (Flight Ration Meal Request) for:

a. Entitlement. (41086)

b. Are the Operations Department personnel familiar with the provisions of BUSANDA Manual relative to entitlement? (41085-2)

c. Accountability. (41088)

d. Use of authorized subsistence items. (41085)

e. Receipt of proper charges. (41087)

89. Have written instructions been issued to personnel concerned with flight ration preparation?

90. Are suitable menus used? (NAVSANDA Publication 370)

91. Are variety, quantity and quality of food items included in the ration adequate?

92. a. Are flight rations packaged so as to be attractive in appearance and convenient in use?

b. Is the hour and date by which sandwich and/or cooked meal component must be consumed stamped on box lunches? (NAVSANDA Publication 370 and 41741-1c)

93. Are adequate stocks of items used in packaging flight rations on hand and being used?

94. Approximately how many flight rations were issued during the previous quarter? Ascertain average daily cost of ration issued and compare with authorized cost. (41085)

Conservation Practices

95. Are left-overs utilized? (41652-2)

96. Are adequate procedures in effect to conserve fats and oils? (41680)

97. Are practices in effect to determine if the amount of garbage is excessive? Garbage from galley and bakeshop?

Scullery

98. Do messmen assigned to the scullery:

a. Receive adequate training to perform their assigned duties? (41742)

b. Have a thorough knowledge of the operation of the dishwashing machines and other mechanical equipment in use? (41743)

c. Understand the importance of proper sterilization of mess gear? (41743)

99. Are written instructions on scullery operations and safety precautions posted conspicuously in the scullery? (41742)

100. Is garbage removed from trays by messmen? (41742)

101. Is there a preliminary wash? (41743)

102. Examine dishwashing machines for condition, cleanliness, adequacy of maintenance, installation of gauges and thermostats, adequacy of steam pressure and optimum location. (41750)

103. Do washing and rinsing temperatures meet prescribed requirements? (41743)

104. Is the proper type of washing compound used? (41743)

105. Does ample time elapse after rinsing operation to permit air drying? (41744 and 41743-1(7))

106. Examine mess gear on serving line for cleanliness and dryness.

107. Do trays indicate rough handling? Are garbage disposal cans fitted with disposal rims? (41745)

108. Is the handling by individuals of mess gear after washing and sterilization reduced to a minimum?

Safety

109. Is galley equipment equipped with routine safety devices?

110. Are safety and operating instructions posted for galley equipment?

111. Are locks independent of inside opening arrangements installed on walk-in reefers operating below freezing temperatures? Are instructions regarding emergency escape procedures printed in luminous colors so as to be legible posted on the inside of reefers? (U.S. Navy Safety Precautions, OPNAV 34 P1, par. 25204-6a, as revised by OPNAV Notice 5100 of 16 March 1962)

Sanitation

112. Are sanitation inspections made by Medical Department? By other personnel? (41590 and 41603)

113. Have commissarymen attended a Food Sanitation Training Program in accordance with SECNAVINST 4061.1?

114. Is there evidence of lax sanitation habits in handling or storing of foods? Are open containers of food subject to contamination kept covered when stored temporarily? (41731 and 41741)

115. Are all foods, particularly cream filled foods, ground meats and leftovers being handled in such manner as will minimize the danger of food poisoning? Is the three-hour rule regarding holding of cooked protein foods applied? (41741)

116. Are the premises and personnel clean? Equipment? Grease traps? Range hoods and traps? (41750)

117. Are the storage facilities for gargage and refuse adequate? Clean? Well maintained? (41745 and 41750)

118. Check sanitary handling of ice to be used in cold drinks.

119. Is there strict compliance with SECNAVINST 6240.4A as to procurement inspection, storage, and dispensing of milk?

120. Are adequate washing and head facilities available for commissarymen? Check for posting of sanitary instructions, supply of soap and towels and cleanliness. (41741-4)

Storage and Security of Spaces

121. Are keys handled in accordance with current instructions? Is access to storerooms limited in accordance with current instructions? (41602, 31011-3)

122. Is there any evidence of rodent infestation in storerooms? (41812-2)

123. Examine storage conditions of perishable and nonperishable subsistence items. Are storage spaces adequate and in good condition? Are provisions with the oldest date of pack issued first? (41810, 41812)

124. Is the principle of "first in - first out" storage followed? Do cognizant personnel consider the date of pack when applying this principle? (41810 and 41812)

125. Are proper temperatures maintained in refrigerated spaces? Examine storage conditions in refrigerated spaces. (41811)

126. Are adequate fire preventive measures taken? Is equipment regularly inspected?

127. Are packaged operational rations or other subsistence items being carried as insurance items? If so, under what authority? Are any items overage? Has an effective local rotation plan been established for these rations to insure consumption without loss by survey? (41078)

Stock Levels

128. Are adequate stock levels maintained? Are stocking objectives in line with current policy? (26804)

129. Are subsistence items received under forced issue plans promptly consumed? (41366-5)

APPENDIX B

GENERAL ORDERS FIVE AND NINETEEN

NAVY DEPARTMENT GENERAL ORDERS

Change No. 12

DEPARTMENT OF THE NAVY
Washington, D.C., 20350
16 Nov 1964

General Orders Nos. 5 and 19, dated 20 October 1964, are attached for inclusion in the Navy Department General Orders, 1948, on their effective date of 1 January 1965.

Information: The Secretary of the Navy, by SECNAV NOTE 5430 of 20 October 1964, effected advance distribution of the above referenced General Orders. New General Order No. 5 assigns and distributes authority and responsibility for the administration of the Department of the Navy and new General Order No. 19 assigns and distributes authority and responsibility for the exercise of command and support of shore (field) activities of the Department of the Navy. Upon their supersession, old General Orders Nos. 5 and 19 shall be replaced by newly effective General Orders Nos. 5 and 19 and appropriate entry shall be made on the change record sheet.

ROY S. BENSON
Assistant Vice Chief of Naval Operations/
Director of Naval Administration

GENERAL ORDER
NO. 5

DEPARTMENT OF THE NAVY
Washington, D.C., 20 Oct 1964

96

ASSIGNMENT AND DISTRIBUTION OF AUTHORITY AND RESPONSIBILITY FOR THE ADMINISTRATION OF THE DEPARTMENT OF THE NAVY

CONTENTS

	Page
1. Scope	1
2. Composition of the Department of the Navy	1
a. The Department of the Navy	1
b. The Navy Department	2
3. Objectives	2
4. Executive Administration of the Department of the Navy	2
a. Secretary of the Navy	2
b. Civilian Executive Assistants to the Secretary	2
c. Naval Executive Assistants to the Secretary	2
(1) Chief of Naval Operations	2
(2) Commandant of the Marine Corps	3
(3) Commandant of the Coast Guard	3
d. Naval Material Support Assistant to the Secretary	3
e. Naval Professional Assistants to the Secretary	3
f. Staff Assistants to the Secretary	3
g. Relationship to the Secretary	3
5. Four Principal Organizational Parts	4
a. Operating Forces of the Navy	4
b. United States Marine Corps	4
c. Naval Material Support Establishment	4
d. Other Supporting Organizations	4
6–7. Responsibilities of the Civilian Executive Assistants	4
8–10. Responsibilities of the Naval Executive Assistants	4
8–9. Chief of Naval Operations	4
10. Commandant of the Marine Corps	5
11–12. Responsibilities of the Naval Material Support Assistant	6
11–12. Chief of Naval Material	6
13–17. Responsibilities of the Naval Professional Assistants	7
18. Responsibilities of the Staff Assistants	7
19–20. Operating Relationships	7
21. Authority Over Organizational Matters	8
22. Effective Date	9

SCOPE

1. This General Order prescribes policies and principles which shall hereafter govern the organization and administration of the Department of the Navy, and assigns basic responsibilities for its continued administration under the Secretary of the Navy.

COMPOSITION OF THE DEPARTMENT OF THE NAVY

2. The composition of the Department of the Navy and of the Navy Department is as follows:

a. The Department of the Navy is separately organized under the Secretary of the Navy. It operates under the authority, direction and control of the Secretary of Defense. It is composed of the executive part of the Department of the Navy; the Headquarters United States Marine Corps; the entire operating forces, including naval aviation, of the United States Navy and of the United States Marine Corps, and the reserve components of those

operating forces; and all shore (field) activities, headquarters, forces, bases, installations, activities, and functions under the control or supervision of the Secretary of the Navy. It includes the United States Coast Guard when it is operating as a service in the Navy. (Title 10, U.S.C. (Section 5011).)

b. The term "Navy Department" refers to the central executive offices and bureaus of the Department of the Navy located at the seat of the government. The Navy Department includes the offices of all members of the executive administration of the Department of the Navy; these organizationally comprise the Office of the Secretary of the Navy, the Office of the Chief of Naval Operations and the headquarters organizations of the United States Marine Corps, of the Naval Material Support Establishment, of Other Supporting Organizations, and of the United States Coast Guard when it is operating as a service in the Navy.

OBJECTIVES

3. The fundamental objectives of the Department of the Navy, within the Department of Defense, are (a) to organize, train, equip, prepare, and maintain the readiness of Navy and Marine Corps Forces for the performance of military missions as directed by the President or the Secretary of Defense, and (b) to support Navy and Marine Corps forces, including the support of such forces and the forces of other military departments, as directed by the Secretary of Defense, which are assigned to unified or specified commands. Support, as here used, includes administrative, personnel, material and fiscal support, and technological support through research and development.

EXECUTIVE ADMINISTRATION OF THE DEPARTMENT OF THE NAVY

4. The members of the executive administration of the Department of the Navy and their relation to the Secretary are:

a. *The Secretary of the Navy,* who is the Head of the Department of the Navy. Under the direction, authority, and control of the Secretary of Defense, he is responsible for the policies and control of the Department of the Navy, including its organization, administration, operation and efficiency.

b. *The Civilian Executive Assistants to the Secretary*, who are the Under Secretary of the Navy, the Assistant Secretaries of the Navy, and the Special Assistant to the Secretary. These officials will be assigned responsibilities, under the Secretary of the Navy, as set forth in paragraphs 6 and 7 below.

c. *The Naval Executive Assistants to the Secretary, who are:*

(1) *The Chief of Naval Operations*, who is the senior military officer of the Department of the Navy and takes precedence above all other officers of the naval service, except an officer of the naval service who is serving as Chairman of the Joint Chiefs of Staff (10 U.S. Code (Section 5081 (b)). He is the principal naval adviser to the President and the Secretary of the Navy on the conduct of war, and the principal naval adviser and naval executive to the Secretary on the conduct of the activities of the Department of the Navy. The Chief of Naval Operations is the Navy member of the Joint Chiefs of Staff; and is responsible for keeping the Secretary of the Navy fully informed on matters considered or acted upon by the Joint Chiefs of Staff; in this capacity, he is responsible under the President and the Secretary of Defense for duties external to the Department of the Navy as prescribed by law. Internal to the administration of the Department of the Navy, the Chief of Naval Operations is assigned responsibilities, under the Secretary of the Navy, as set forth in paragraphs 8 and 9 below.

(2) *The Commandant of the Marine Corps*, who is the senior officer of the United States Marine Corps. While matters which directly concern the Marine Corps are under consideration by the Joint Chiefs of Staff, and with respect to such matters, the Commandant has coequal status with the members of the Joint Chiefs of Staff. He is responsible for keeping the Secretary of the Navy fully informed on these matters. In this capacity, he is responsible under the President and the Secretary of Defense for duties external to the Department of the Navy as prescribed by law. Internal to the administration of the Department of the Navy, the Commandant of the Marine Corps advises the Secretary of the Navy on matters pertaining to the Marine Corps and is assigned responsibilities, under the Secretary of the Navy, as set forth in paragraph 10 below.

(3) *The Commandant of the Coast Guard*, when the United States Coast Guard is operating as a service in the Navy.

d. *The Naval Material Support Assistant to the Secretary,* who is the Chief of Naval Material. He is the head of the Naval Material Support Establishment and is assigned responsibilities, under the Secretary of the Navy, as set forth in paragraphs 11 and 12 below.

e. *The Naval Professional Assistants to the Secretary*, who are the Chief of the Bureau of Naval Weapons, the Chief of the Bureau of Ships, the Chief of the Bureau of Supplies and Accounts, and the Chief of the Bureau of Yards and Docks, each of whom is assigned responsibilities, under the Chief of Naval Material, as set forth in paragraph 13 below; and the Chief of Naval Personnel, the Chief of the Bureau of Medicine and Surgery, the Judge Advocate General, and the Chief of Naval Research, who are assigned responsibilities, under the Secretary of the Navy, as set forth in paragraphs 14, 15, 16, and 17 below, and the Deputy Comptroller of the Navy, who is assigned responsibilities, under the Comptroller of the Navy, as set forth in paragraphs 16 and 17 below.

f. *The Staff Assistants to the Secretary*, who are the Director, Office of Program Appraisal, the General Counsel, the Chief of Legislative Affairs, the Chief of Information, the Chief of Industrial Relations, and the heads of other offices and boards established by law or by the Secretary of the Navy for the purpose of assisting the Secretary or one or more of his Civilian Executive Assistants in the administration of the Department of the Navy. These officials will have responsibilities as provided for in paragraph 18 below.

g. *Relationship to the Secretary.* The Civilian Executive Assistants to the Secretary (subparagraph 4.b., above) are the principal policy advisers and assistants to the Secretary of the Navy on the administration of the affairs of the Department of the Navy as a whole. The Naval Executive Assistants to the Secretary (subparagraphs 4.c.(1), (2), and (3), above) shall be the principal operating executives of the Department of the Navy, under the Secretary of the Navy. The Naval Material Support Assistant to the Secretary (subparagraph 4.d., above) shall be the principal material support executive of the Department of the Navy, under the Secretary of the Navy. Each of them shall be responsible directly to the Secretary for the utilization of resources by and the operating efficiency of all activities under their respective commands as hereinafter assigned. Similarly, the Naval Professional Assistants to the Secretary (subparagraph 4.e., above) and the Staff Assistants to the Secretary (subparagraph 4.f., above) shall be responsible to the Secretary of the Navy or to one of his Civilian Executive Assistants as now or hereafter assigned, or responsible to the Chief of Naval Material as assigned in paragraphs 5.c. and 13 of this order for the utilization of resources by and the operating efficiency of all activities under their respective supervision or command. The Civilian Executive Assistants, the Chief of Naval Operations, the Commandant of the Marine Corps, the Naval Material Support Assistant, the Naval Professional Assistants, and the Staff Assistants to the Secretary shall perform financial management functions as assigned by the Secretary of the Navy. In all instances, authority shall be commensurate with assigned responsibility.

FOUR PRINCIPAL ORGANIZATIONAL PARTS

5. In order to provide for its total administration under the Secretary of the Navy, the Department of the Navy is hereby organized into four principal parts. These are:

a. *The Operating Forces of the Navy*, which shall include the Office of the Chief of Naval Operations, the several fleets, seagoing forces, sea frontier forces, district forces, Fleet Marine Forces and other assigned Marine Corps forces, the Military Sea Transportation Service, and such Navy shore (field) activities and commands as are assigned by the Secretary of the Navy.

b. *The United States Marine Corps*, within the Department of the Navy, which shall include Headquarters, United States Marine Corps; the Operating Forces of the Marine Corps; Marine Corps Supporting Establishments; and, the Marine Corps Reserve.

c. *The Naval Material Support Establishment*, which shall include the Office of Naval Material, the Bureau of Naval Weapons, the Bureau of Ships, the Bureau of Supplies and Accounts, the Bureau of Yards and Docks, and shore (field) activities as assigned by the Secretary of the Navy.

d. *Other Supporting Organizations*, which shall include the Bureau of Naval Personnel, the Bureau of Medicine and Surgery, the Office of the Comptroller of the Navy, the Office of the Judge Advocate General, the Office of Naval Research, offices of Staff Assistants to the Secretary, and the shore (field) activities as assigned by the Secretary of the Navy.

RESPONSIBILITIES OF THE CIVILIAN EXECUTIVE ASSISTANTS

6. It is the policy of the Secretary of the Navy to assign Department-wide responsibilities for areas, which are essential to the efficient administration of the Department of the Navy, to and among his Civilian Executive Assistants. Such areas will include, but are not limited to, manpower, material, facilities, research and development, financial management, and general departmental administration. Each Civilian Executive Assistant will have such authority over his assigned area as is delegated to him by the Secretary of the Navy.

7. One of the Civilian Executive Assistants will serve as Comptroller of the Navy; under him, the Deputy Comptroller of the Navy will, in addition to his other duties, serve as an adviser and assistant to the Chief of Naval Operations, the Commandant of the Marine Corps, and the Chief of Naval Material with respect to financial and budgetary matters.

RESPONSIBILITIES OF THE NAVAL EXECUTIVE ASSISTANTS

8. The Chief of Naval Operations, under the Secretary of the Navy, shall command the Operating Forces of the Navy. This general responsibility, which shall be exercised subject to the guidance contained in paragraphs 19 and 20 hereinafter, includes the following specific responsibilities:

a. To organize, train, prepare, and maintain the readiness of Navy forces, for assignment to unified or specified combatant commands for the performance of military missions as directed by the President or the Secretary of Defense. This includes the responsibility to make or initiate, as appropriate, any special provisions that may be required within the Department of the Navy for the administration of naval forces which are assigned to such combatant commands. Inherently, this responsibility includes determination of the training required to prepare Navy personnel, including reserve personnel, for combat. Naval forces, when assigned, are under the full operational command of the commander of the unified or specified combatant command to which they are assigned.

b. To plan for and determine the material support needs of the Operating Forces of the Navy (less Fleet Marine Forces and other assigned Marine Corps forces) including equip-

ment, weapons or weapons systems, materials, supplies, facilities, maintenance, and supporting services. This responsibility includes the determination of the naval characteristics of and priorities for things to be developed or procured, and the determination of the order in which ships, aircraft, surface craft, weapons or weapons systems, and facilities are to be acquired, constructed, maintained, altered, repaired, and overhauled.

c. To plan for and determine the present and future needs, both quantitative and qualitative, for personnel, including reserve personnel, of the United States Navy. This includes responsibility for leadership in maintaining a high degree of competence among Navy officer and enlisted personnel in necessary fields of specialization through education, training, and equal opportunities for personal advancement; and for leadership in maintaining the morale and motivation of Navy personnel and the prestige of a Navy career.

d. To plan for and determine the needs for the care of the health of the personnel of the Navy and their dependents.

e. The Naval Reserve shall be organized, administered, trained, and supplied under the direction of the Chief of Naval Operations.

9. In addition, the Chief of Naval Operations, under the Secretary of the Navy, shall, except for those areas wherein such responsibility rests with the Commandant of the Marine Corps, exercise overall authority throughout the Department of the Navy in matters essential to naval military administration, such as security, intelligence, discipline, communications, and matters related to the customs and traditions of the naval service.

10. The Commandant of the Marine Corps, under the Secretary of the Navy, shall command the United States Marine Corps. He is directly responsible to the Secretary of the Navy for its administration, discipline, internal organization, training requirements, efficiency, readiness, operation of its material support system, and for the total performance of the Marine Corps. When performing these functions, the Commandant of the Marine Corps is not a part of the command structure of the Chief of Naval Operations. However, there must be a close cooperative relationship between the Chief of Naval Operations, as the senior military officer of the Department of the Navy, and the Commandant of the Marine Corps, who has command responsibility over that organization. The Commandant of the Marine Corps is directly responsible to the Chief of Naval Operations for the organization, training, and readiness of those elements of the operating forces of the Marine Corps assigned to the Operating Forces of the Navy. Such Marine Corps forces, when so assigned, are subject to the command exercised by the Chief of Naval Operations over the Operating Forces of the Navy. In addition, the Commandant of the Marine Corps is assigned the following responsibilities which shall be exercised subject to the guidance contained in paragraphs 19 and 20 hereinafter.

a. To plan for and determine the support needs of the Marine Corps for equipment, weapons or weapons systems, materials, supplies, facilities, maintenance, and supporting services. This responsibility includes the determination of Marine Corps characteristics of equipment and material to be procured or developed, and the training required to prepare Marine Corps personnel for combat. It also includes the operation of the Marine Corps Material Support System.

b. To budget for the Marine Corps, except as may be otherwise directed by the Secretary of the Navy.

c. To develop, in coordination with the other Military Services, the doctrines, tactics, and equipment employed by landing forces in amphibious operations.

d. To plan for and determine the present and future needs, both quantitative and qualitative, for personnel, including reserve personnel, of the United States Marine Corps. This includes responsibility for leadership in maintaining a high degree of competence among Marine Corps officer and enlisted personnel in necessary fields of specialization through education, training, and equal opportunities for personal advancement; and for

leadership in maintaining the morale and motivation of Marine Corps personnel and the prestige of a Marine Corps career.

e. To plan for and determine the needs for the care of the health of the personnel of the Marine Corps and their dependents.

RESPONSIBILITIES OF THE NAVAL MATERIAL SUPPORT ASSISTANT

11. The Chief of Naval Material, under the Secretary of the Navy, shall command the Naval Material Support Establishment. This general responsibility, which shall be exercised subject to the guidance contained in paragraphs 19 and 20 hereinafter, includes the following specific responsibilities:

a. To be responsive directly to the Chief of Naval Operations in meeting material support needs of the Operating Forces of the Navy for equipment, weapons or weapons systems, materials, supplies, facilities, maintenance, and supporting services, including the development, acquisition, construction, maintenance, alteration, repair, and overhaul of ships, aircraft, surface craft, weapons or weapons systems, materials, and facilities; all consistent with approved programs. Inherently, this includes the responsibility to plan for and develop the resource capabilities and readiness of the Naval Material Support Establishment to meet needs of the Operating Forces of the Navy as determined by the Chief of Naval Operations. It also includes the responsibility to provide the Chief of Naval Operations with timely and adequate technical and economic data concerning the feasibility of meeting needs, so that the Chief of Naval Operations may better determine the work to be done in satisfaction of such needs.

b. To be responsive directly to the Commandant of the Marine Corps, in meeting those particular material support needs of the United States Marine Corps which are required to be provided by the Naval Material Support Establishment.

c. To plan for the utilization of resources in the performance of the work of meeting those material support needs of the Operating Forces of the Navy and of the Marine Corps, which are provided by the Naval Material Support Establishment; to distribute, direct, and supervise the performance of such work. Such work includes the development, procurement, acquisition, contracting, production, supply, maintenance, alteration, repair, overhaul, and disposal of naval material; it includes responsibilities for the development and operation of the Navy Supply System; and, it includes the acquisition, design, construction, maintenance, and disposal of naval facilities, including real estate and all improvements thereon and the operation of public utilities, except that this does not include the maintenance of Marine Corps facilities or the operation of their public utilities.

d. To provide the Chief of Naval Operations, and the Commandant of the Marine Corps, as appropriate, with timely advice concerning training and technical requirements essential for the operation and maintenance by naval personnel of new equipment under development; and, as appropriate, to provide the Operating Forces of the Navy with timely guidance on the operation, repair, and maintenance of all equipment and weapons or weapons systems.

e. The Chief of Naval Material shall report additionally to the Chief of Naval Operations and to the Commandant of the Marine Corps for the discharge of his responsibilities which require him to be responsive to those officials as set forth above.

f. The Chief of Naval Material shall be responsive to the heads of Other Supporting Organizations in meeting their material support needs which are provided by the Naval Material Support Establishment.

12. In addition, the Chief of Naval Material shall formulate and effectuate policies and methods of procurement, contracting, and production of material, and of procurement and contracting for services, throughout the Department of the Navy, including plans therefor, as deter-

mined by the Secretary of the Navy. Nothing in this General Order shall preclude any duly authorized procuring activity outside the Naval Material Support Establishment from procuring materials and services subject to the procurement, contracting, and production policies and methods of the Department of the Navy.

RESPONSIBILITIES OF THE NAVAL PROFESSIONAL ASSISTANTS

13. The Chiefs of the Bureau of Naval Weapons, the Bureau of Ships, the Bureau of Supplies and Accounts, and the Bureau of Yards and Docks, under the Chief of Naval Material, shall command their respective bureaus and assigned shore (field) activities; and they shall act as principal advisers to the Chief of Naval Operations and the Chief of Naval Personnel for military personnel matters related to the officer specialists or corps, as appropriate, with the approval of the Chief of Naval Material, who shall maintain the integrity of recommendations and advice of Bureau Chiefs having these sponsorship responsibilities. The responsibilities of these bureaus will be assigned in accordance with the provisions in paragraph 21 below.

14. The Chief of Naval Personnel, under the Secretary of the Navy, shall command the Bureau of Naval Personnel and assigned shore (field) activities.

15. The Chief of the Bureau of Medicine and Surgery, under the Secretary of the Navy, shall command the Bureau of Medicine and Surgery and assigned shore (field) activities, and shall act as principal adviser to the Chief of Naval Operations and the Chief of Naval Personnel for military personnel matters related to the officer specialists or corps of the Medical Department of the Navy.

16. The Judge Advocate General and the Chief of Naval Research, under the Secretary of the Navy, shall command their respective offices and assigned shore (field) activities. The Deputy Comptroller of the Navy, under the Comptroller of the Navy, shall command the Office of the Comptroller of the Navy and assigned shore (field) activities. The Judge Advocate General shall act as principal adviser to the Chief of Naval Operations and the Chief of Naval Personnel for military personnel matters related to law specialists.

17. The functions of the Bureau of Naval Personnel, the Bureau of Medicine and Surgery, the Office of the Comptroller of the Navy, the Office of the Judge Advocate General, and the Office of Naval Research will be as provided by law or as assigned by separate directive of the Secretary of the Navy.

RESPONSIBILITIES OF THE STAFF ASSISTANTS

18. Each Staff Assistant to the Secretary shall supervise all functions and activities internal to his office and assigned shore (field) activities if any. The duties of the individual Staff Assistants and their respective offices will be as provided by law or as assigned by separate directive of the Secretary of the Navy.

OPERATING RELATIONSHIPS

19. In order to provide for the effective coordination and direction of the efforts of determining needs and providing support, according to responsibilities herein assigned or provided for, formal relationships between (a) the Chief of Naval Operations or the Commandant of the Marine Corps, and their respective organizations, and (b) the Chief of Naval Material, and his organization, will be guided by and controlled on the basis of cause and effect relationships which are inherent in the following principles:

a. The Chief of Naval Operations will express the material needs of the Operating Forces of the Navy (less Fleet Marine Forces and other assigned Marine Corps forces) to the Chief of Naval Material. The Commandant of the Marine Corps will in like manner

express to the Chief of Naval Material those Marine Corps material needs which are to be provided by the Naval Material Support Establishment.

b. The Chief of Naval Material will advise the Chief of Naval Operations or Commandant of the Marine Corps as to the economic and technological feasibility of meeting such needs; he will also keep them informed of new capabilities to meet needs which may, or may not, have been previously expressed.

c. The Chief of Naval Operations or the Commandant of the Marine Corps, as appropriate, will select the work to be done to satisfy needs of the Operating Forces of the Navy or of the Marine Corps based on feasibility data and their current estimates of the military worth of a particular need in relation to other desirable needs. Selection of the work to be done includes, where necessary, the curtailment or cancellation of work already in progress in favor of work which offers greater promise or work of greater military worth.

d. The Chief of Naval Material will insure the efficient utilization of resources available to him and appropriate supervision of the accomplishment of the work selected.

e. The Chief of Naval Operations or the Commandant of the Marine Corps, as appropriate, will review the work in progress from the viewpoints of readiness and military worth; while the Chief of Naval Material will review such work from the viewpoints of progress and the efficient utilization of resources available to him.

The authority of the Chief of Naval Operations and the Chief of Naval Material to coordinate and direct the efforts of the bureaus and offices in their respective areas of responsibility (10 U.S.C. 5082) is exercised by law under the Secretary of the Navy. Such authority of the Chief of Naval Operations to coordinate and direct the efforts of the bureaus as may be necessary to make available and distribute, when and where needed, the material requirements of the operating forces, shall be exercised by him with respect to the Naval Material Support Establishment through the Chief of Naval Material in accordance with subparagraphs (a) through (e) above.

Nothing in these principles (paragraphs 19. a., b., c., d., and e., above) shall be construed to inhibit the informal flow of information among the organizations involved. Rather, it is intended that a free flow of information should supplement formal procedures and contribute to better decisions expressed through the operation of the formal control system which will be in accordance with the programming policies and procedures of the Department of Defense.

20. Relationships between (a) the Chief of Naval Operations or the Commandant of the Marine Corps, and (b) the Chief of Naval Personnel, or the Chief of the Bureau of Medicine and Surgery, or the Chief of Naval Research, will be like those described in paragraph 19, above, as between the Chief of Naval Operations or the Commandant of the Marine Corps and the Chief of Naval Material. As required, additional formal procedures which involve relationships among the Chief of Naval Operations, the Commandant of the Marine Corps, the Chief of Naval Material, the Chief of Naval Personnel, the Chief of the Bureau of Medicine and Surgery, and the Chief of Naval Research will be prescribed or approved by the Secretary of the Navy.

AUTHORITY OVER ORGANIZATIONAL MATTERS

21. Subject to the approval of the Secretary of the Navy or guidance hereafter furnished by him, the members of the executive administration specified by paragraph 4, above, except those who are subject to the command of the Chief of Naval Material, are individually authorized to organize, assign, and reassign responsibilities within their respective areas of the organization of the Department of the Navy including the establishment and disestablishment of such component organizations as may be necessary, provided that: (a) the authority to disestablish does not extend to any organizational component of the Department established by law, and (b) the Secretary of the Navy retains unto himself the authority to establish and disestablish shore (field) activities, which will be done in accordance with procedures hereafter prescribed by him.

GENERAL ORDER NO. 5

EFFECTIVE DATE

22. This general order is effective 1 January 1965. It supersedes General Order No. 5 dated 1 July 1963. The members of the executive administration of the Department of the Navy, in accordance with their responsibilities assigned herein, shall take appropriate action to promulgate or modify those regulations, orders, instructions and directives necessary to assure effective implementation of this order on its effective date.

PAUL H. NITZE
Secretary of the Navy.

GENERAL ORDER
NO. 19

DEPARTMENT OF THE NAVY
Washington, D.C., 20 Oct 1964

ASSIGNMENT AND DISTRIBUTION OF AUTHORITY AND RESPONSIBILITY FOR EXERCISE OF COMMAND AND SUPPORT OF SHORE (FIELD) ACTIVITIES OF THE DEPARTMENT OF THE NAVY

CONTENTS

	Page
1. Purpose	1
2. Authority	1
3. General Concepts	1
a. Command and Support of Navy Shore (Feld) Activities	1
b. Support	2
c. Assignment of Command and Support	2
d. Marine Corps Activities	2
4. Classes of Shore (Field) Activities	2
5. Exercise of Command and Support Responsibilities	2
a. Command and Support of Navy Shore (Field) Activities	2
(1) The Chief of Naval Operations	2
(2) The Naval Material Support Assistant to the Secretary of the Navy (Chief of Naval Material), and the Chiefs of Material Bureaus	3
(3) Other Naval Professional Assistants to the Secretary of the Navy	3
(4) The Staff Assistants to the Secretary of the Navy	3
b. Command and Support of Marine Corps Shore (Field) Activities	3
6. Area Coordination	4
7. Administrative and Technical Guidance	4
8. Naval Service-Wide Systems	4
9. Exercise of Command or Area Coordination Authority in Special Situations	5
10. Effective Date	5

1. *PURPOSE.* The purpose of this Order is to provide for assignment and distribution of authority and responsibility for exercise of command and support of shore (field) activities of the Department of the Navy in consonance with General Order No. 5.

2. *AUTHORITY.* As stated in paragraph 21 of General Order No. 5, the Secretary of the Navy retains unto himself the authority to establish and disestablish all shore (field) activities. He will approve the missions of the activities, classify them, assign responsibility for command, and designate the official charged with primary support responsibility.

3. *GENERAL CONCEPTS.*

a. *Command.* The exercise of command over a shore (field) activity has as its primary purpose the provision of effective support to the forces of the United States Navy and of the United States Marine Corps. It encompasses over-all authority, direction, control, and coordination necessary to carry out the assigned mission, and responsibility for the operating efficiency of the activity. It includes authority and responsibility for mission planning, shore activity planning, and workload planning. It also includes authority and responsibility for coordinating the application of the various elements of support. Mission and facilities planning for shore (field) activities shall be accomplished with the guidance and assistance of bureaus and offices assigned support responsibilities, and with the technical advice of other bureaus and offices in accordance with paragraph 7 below. For the purpose of this order, supervision by Staff Assistants over assigned shore (field) activities encompasses the same degree of authority and responsibility as command.

b. *Support.* Support is the collective term given to the responsibility assigned to an official of the Department of the Navy to provide resources to a command or activity of the Navy or Marine Corps to enable it to carry out its mission. It serves to complement the exercise of command. It includes administrative, personnel and material support, guidance and assistance in and evaluation of such matters as organization, procedures, budgeting, accounting, staffing, and the utilization of personnel, funds, material, and facilities. In addition, support includes the responsibility to assist command in evaluating the operating efficiency of activities. A single official shall be charged with the primary support responsibility for each shore (field) activity. However, elements of material and other support may flow from an official not charged with the primary support responsibility.

c. *Assignment of Command and Support.* The assignment of command generally shall be determined by the degree to which a shore (field) activity mission is related to provision of operational or training support to combatant forces as differentiated from other types of support. The assignment of primary support responsibility to a specific organizational element will be made after consideration of all factors which would contribute to the most effective utilization of resources and technical competence available, and which will provide the best correlation between operational considerations, required workload, and the nature of the support to be rendered.

d. *Marine Corps Activities.* The authority retained by the Commandant of the Marine Corps in the case of Marine Corps activities, whether or not assigned to the command of or primary support by the Chief of Naval Operations, a bureau or office, includes:

(1) administrative authority to determine internal organization and to insure proper standards of morale and discipline, and to prescribe other procedures of Marine Corps personnel administration;

(2) authority to insure proper training and a high degree of efficiency and readiness;

(3) authority for the establishment of training requirements;

(4) authority for the management and funding of Marine Corps non-appropriated fund activities;

(5) inspection authority to insure a high standard of over-all performance; and

(6) authority for the budgeting, accounting, and general administration of Marine Corps appropriations.

4. *CLASSES OF SHORE (FIELD) ACTIVITIES.* Shore (field) activities of the Department of the Navy shall be classified as follows:

CLASS I. Shore (field) activities which are in the chain of command of either the Chief of Naval Operations or the Commandant of the Marine Corps and which receive primary support from that official.

CLASS II. Shore (field) activities which are in the chain of command of either the Chief of Naval Operations or the Commandant of the Marine Corps but which receive primary support from an organizational element not under his command.

CLASS III. Shore (field) activities which are in the chain of command or under the supervision of an official other than the Chief of Naval Operations or the Commandant of the Marine Corps.

The assignment of command responsibilities for shore (field) activities will determine the principal part of the Department of the Navy, as defined in paragraph 5. of General Order No. 5, into which a particular shore (field) activity will be organizationally placed.

5. *EXERCISE OF COMMAND AND SUPPORT RESPONSIBILITIES.*

a. *Command and Support of Navy Shore (Field) Activities*

(1) *The Chief of Naval Operations.* The Chief of Naval Operations may delegate command of an activity assigned to his command to a Fleet Commander in Chief, or other official in his chain of command. The Chief of Naval Operations may further

assign to officials in his chain of command responsibility for the provision of primary support of the shore (field) activities assigned for his support.

(2) *The Naval Material Support Assistant to the Secretary of the Navy (the Chief of Naval Material), and the Chiefs of Material Bureaus.* The chain of command for shore (field) activities assigned to the Naval Material Support Establishment normally runs from the Chief of Naval Material to the Chiefs of Material Bureaus (the Bureau of Naval Weapons, the Bureau of Ships, the Bureau of Supplies and Accounts, and the Bureau of Yards and Docks) to the Commanding Officers of the respective shore (field) activities included in the Establishment. The Chief of each Material Bureau will be assigned primary support responsibility for designated shore (field) activities.

(3) *Other Naval Professional Assistants to the Secretary of the Navy.* Naval Professional Assistants to the Secretary of the Navy, other than those named in paragraph 5.a.(2) above, command assigned shore (field) activities and will provide for and meet primary support needs of designated shore (field) activities.

(4) *The Staff Assistants to the Secretary of the Navy.* The Staff Assistants to the Secretary of the Navy supervise assigned shore (field) activities and will, as assigned, provide for and meet the primary support needs of designated shore (field) activities.

b. *Command and Support of Marine Corps Shore (Field) Activities*

(1) The Commandant of the Marine Corps exercises command through commanders of Marine Corps supporting establishments and designated area commanders, and directly over selected individual activities when required. The Commandant of the Marine Corps may further assign to officials in his chain of command responsibility for the provision of primary support of shore activities assigned for his support.

(2) Marine Corps security forces are those Marine Corps commands which have as their primary mission the provision of security for the naval shore (field) activities to which assigned. They are under the command of the commanding officer of the activity to which assigned, and shall be governed by the appropriate provisions of this Order subject to the provisions of paragraph 3.d. relating to authority of the Commandant of the Marine Corps.

(3) The Marine Air Reserve Training Command is a functional command and comprises specified subordinate Marine Air Reserve Training Detachments located throughout the United States. The Commanding General, Marine Air Reserve Training Command is under the command of the Commandant of the Marine Corps and receives certain logistic support from Chief of Naval Air Reserve Training.

(4) Area coordination relationships of Marine Corps commanders and Marine Corps District Directors with other officials assigned area coordination responsibilities are the same as described in paragraph 6 of this Order, with the following exceptions:

(a) Commanders of Marine Corps supporting establishments participate with the commandant of a naval district, or other official designated as area coordinator, in preparation and execution of civil defense and other domestic emergency plans. In those cases where the Commandant of the Marine Corps has assigned tasks and functions to an intermediate regional commander, Commanders of Marine Corps supporting establishments shall be guided by his policies and instructions. During times of civil defense or other domestic emergencies the Commanders of Marine Corps supporting establishments shall furnish such assistance as can be made available, from resources not required in the execution of their primary missions, upon request of a commandant of a naval district, or other official designated as area coordinator.

(b) Commanders of Marine Corps supporting establishments are the direct representatives of the Commandant of the Marine Corps for matters of public information concerning the Marine Corps. Each shall be subject to the coordinating

instructions issued by the appropriate naval district commandant or other official designated as area coordinator.

(c) Elements of a fleet marine force or Marine Corps supporting establishment temporarily or permanently stationed within the boundaries of a Navy shore (field) activity shall conform to those regulations of the naval district commandant, naval base commander, other official designated as area coordinator, or commanding officer or officer-in-charge of the activity which pertain to police, fire protection, security, safety, naval communications, and sanitation.

(d) Operating Forces of the Marine Corps not assigned to the Operating Forces of the Navy or to a unified or specified combatant command are under the command of the Commandant of the Marine Corps, or of one of his designated subordinates. Unless specifically instructed to the contrary, these units shall have the same relationships with a commandant of a naval district, or other official designated as area coordinator, as specified for Marine Corps supporting establishments.

6. *AREA COORDINATION.*

a. Area coordination has as its primary purpose the initiation of appropriate action to insure that the total efforts of all shore (field) activities of the Department of the Navy afford adequate support to the combatant forces, are adequately coordinated among themselves as to assure economy and efficiency of operation, and conform to and support service-wide functions and procedures. Area coordination is the responsibility of the Chief of Naval Operations and is exercised through his chain of command.

b. Area coordination includes matters involving command and support relationships with combatant forces, common support services, emergency planning, disaster control and civil defense, harbor facilities, multiple-activity facilities planning, negotiation and collaboration with other government agencies, appraisal for readiness, responsiveness to local needs, naval military administration as specified in paragraph 9 of General Order No. 5, and assigned Navy-wide programs. In addition, area coordination includes the authority to review and inspect, as appropriate, shore (field) activities in these matters. Officials will be designated by the Chief of Naval Operations for the exercise of area coordinating authority subject to the provisions of paragraphs 3.d. and 5.b. above relating to the responsibilities of the Commandant of the Marine Corps. Such officials may be directed to report for additional duty to an official in the chain of command of a Fleet Commander in Chief.

c. Officials designated for the exercise of area coordinating authority will represent the Secretary of the Navy and other officials of the Department of the Navy in such matters as may be assigned.

d. The head of each shore (field) activity shall report additionally to the official assigned responsibility for area coordination.

7. *ADMINISTRATIVE AND TECHNICAL GUIDANCE.* In addition to the support provided for above, bureaus and offices shall provide administrative and technical guidance and assistance to shore (field) activities in accordance with their assigned functional responsibilities. This shall include:

a. The establishment of standards and procedures for specialized administrative or technical functions;

b. Professional and technical advice, guidance and assistance;

c. Performance of specialized administrative or technical functions as a service.

8. *NAVAL SERVICE-WIDE SYSTEMS.* All officials charged with command, area coordination, or primary support responsibilities shall discharge their responsibilities with due regard for the system-wide aspects of support efforts where service-wide system control respon-

sibilities have been assigned. Examples are: the Naval Communication System, the Navy and Marine Corps Supply Systems, and the Navy Enlisted Personnel Distribution System.

9. *EXERCISE OF AREA COORDINATION IN SPECIAL SITUATIONS.* Officials charged with the exercise of area coordination responsibility have the authority to over-ride support, naval service-wide system, technical or other guidance where emergency, disaster or operational considerations involving the provision of effective support to combatant forces clearly demand such action. In exercising this authority, the official concerned assumes full responsibility for his actions and shall inform other cognizant officials of the action taken.

10. *EFFECTIVE DATE.* This General Order is effective 1 January 1965. It supersedes General Order No. 19 dated 21 May 1959. The members of the executive administration of the Department of the Navy, in accordance with their responsibilities herein assigned and subsequently assigned by the Secretary of the Navy under the provisions of this order, shall take appropriate action to promulgate or modify those regulations, orders, instructions, and directives necessary to assure effective implementation of this order on its effective date.

PAUL H. NITZE
Secretary of the Navy.

U. S. GOVERNMENT PRINTING OFFICE : 1964 O - 754-778

APPENDIX C

EXAMPLE RECOMMENDATIONS FROM INSPECTION REPORTS PRIOR TO GENERAL ORDERS FIVE AND NINETEEN

AND

EXAMPLE RECOMMENDATIONS FROM INSPECTION REPORTS SINCE GENERAL ORDERS FIVE AND NINETEEN

EXAMPLE RECOMMENDATIONS FROM INSPECTION REPORTS
PRIOR TO GENERAL ORDERS FIVE AND NINETEEN

Fact: Purchase action open order files in receipt control division are not being maintained in Visible Signal Follow-up Folders.

Rec: Activity Name obtain BUSANDA approval to deviate from BUSANDA Manual Para. 23030.

Fact: Certain review functions in the quality assurance program were not staffed or being performed on a regular basis.

Rec: _____ implement the review function of the quality assurance program division as described in BUSANDA Manual, Para. 11063-9d.

Fact: Procedures use by ____ and the ____ to screen stocks for availability and creating conditions that foster poor priority discipline and are unnecessarily delaying material receipt.

Rec: Activity closely monitor requisitions submitted by other _____ to assure that priority designators conform to patterns expected in normal issue group distribution in order to comply with BUSANDA Instruction 4400.63 of October 7, 1964.

Fact: Procedures used by activity to review Blanket Purchase Agreement purchases in accordance with BUSANDA Manual Para. 63038.6 are inadequate.

Rec: _____ request and assist other _____ to develop BPA review procedures as required by BUSANDA Manual, Para. 63038.6 which are adequate to assure that material screening and other requirements are accomplished. BUSANDA modify BUSANDA Manual, Para. 63038.6 to grant commands issuing BPA's the authority and responsibility to assure that commands using BPA's have adequate review procedures.

Fact: High Value Asset Control reporting activities were not submitting prompt and precise reports required for ____ control of items in the HIVAC system.

Rec: _____ clarify and re-emphasize the High Value Asset Control System (HIVAC) requisitioning, turn-in and transaction reporting procedures to the field activities.

Fact: Inventory managers in the stock control division were not eminently qualified in the concepts and procedures of Critical Item Management in all instances.

EXAMPLES (Continued)

Rec: _____ take action to ensure that all Inventory managers are qualified for Critical Item management.
_____ revise Internal Instruction 4440.13G to clarify procedures for removing an item from the Critical Item List and assign appropriate and specific duties and responsibilities to the Critical Item Coordinator.
_____ assign over-all management responsibility for the program.

Fact: Rates charged for administrative and logistic support services were not in agreement with published directives.

Rec: BUSANDA revise and/or update BUSANDA Instruction 4452.1 to agree with DOD directives.

Fact: _____ had not taken follow-up action on unmatched public vouchers as required by NAVEXOS P-2449.

Rec: _____ take follow-up action on unmatched public vouchers as required by NAVEXOS P-2449.

Fact: _____ did not monitor its performance in providing replies to follow-up.

Rec: _____ assure, by daily random samples, that MILSTRIP processing time standards for replies to follow-ups are being met.

Fact: Reconciliation of dues between the records of Stock Control and those of Receipt Control was not being conducted for those items maintained by DAM.

Rec: _____ perform an annual reconciliation of dues in accordance with BUSANDA Manual 24153.6b.

Fact: Control of special projects involving data processing was inadequate and the subsequent performance of special project work was unsatisfactory.

Rec: _____ revise their instruction to incorporate detailed policy and procedural guidance for the justification, review, approval, and assignment of priority, progressing, and status reporting of special project work involving data processing, and to place prime responsibility for proper and timely performance or monitoring of these actions in the Data Processing Board.

Fact: Inventory plans were incomplete, and inventory policy required development.

Rec: _____ develop and promulgate an ____ instruction covering inventory policy and procedures in consonance with the intent and spirit of BUSANDA Inst. 4440.10.

EXAMPLE RECOMMENDATIONS FROM INSPECTION REPORTS
SINCE GENERAL ORDERS FIVE AND NINETEEN

Fact: High Value Asset Control (HIVAC) and non-Ready for Issue (non-RFI) repairables were not in all cases being processed in accordance with applicable directives.

Rec: _____ conduct a comprehensive training program to insure that personnel are thoroughly familiar with the regulations governing the HIVAC, repairable and Red Stripe programs and the procedure to be followed when processing HIVAC, repairable and/or Red Stripe items.

Fact: Materials Handling Equipment (MHE) utilization standards have not been established.

Rec: _____ establish a continuing program designed to maintain MHE inventories at a level consistent with authorized allowances and operational requirements.
_____ evaluate MHE allowances and where revised allowances are indicated, submit recommendations for revised allowances.
_____ establish utilization standards as required by BUSANDA Instruction 10490.22 of October 22, 1965.
_____ issue local directive to reflect policies, procedures and responsibilities covering control of assignment and utilization of MHE.

Fact: The Ready Supply Store Manual was outdated and requires revision of it is to be effectively utilized by Ready Supply Stores personnel.

Rec: _____ update the Ready Supply Stores manual and promulgate this as an instruction vice a publication and to consider including recommended material management procedures in this instruction.

Fact: The ship is berthed at valuable pier space which will be needed to provide sufficient pier space for Navy and Military Ocean Terminal Operations.

Rec: That CNO expedite action to relocate the ship from ____ to release the pier space to Navy and Military Ocean Terminal Operations to handle expected expansion of terminal operations.

Fact: There exists at _____ a serious ADP equipment deficiency.

Rec: BUSANDA, with the assistance of the Chief of Naval Material and the Office of Management Information take immediate action to secure the approval of Office of the Secretary of Defense (OSD) to install the necessary additional ADP equipment at _____ as quickly as possible.

EXAMPLES (Continued)

Fact: The Management Information Center does not provide charts indicating to management the quality of operations or performance versus goals, standards or system averages.

Rec: _____ develop charts pertaining to center operations which will be an index of the quality of work performed, including but limited to: data errors, receipt take-up times, inventories, warehouse refusals, locator audits, stock ledger audit.
BUSANDA, in conjunction with depots and centers, develop a uniform program for Management Information Centers at stockpoints which will be reflected in the BUSANDA MIC.

Fact: Assignment of personnel to Disaster Control Stations is not current.

Rec: _____ initiate action to insure that the Disaster Control Officer is informed of any change in personnel which would require revising or updating the Disaster Control Bill and that affected personnel are promptly notified of the change in their assignment.

Fact: Test and Handling equipment does not have custody records established nor are the items inventoried in accordance with BUSANDA Manual, Vol. II, para. 25834 and Vol. III, paras. 36055-36059.
In not all cases is custody control of major assemblies maintained in accordance with the references cited in subparagraph a. above.

Rec: That the _____ take action to correct the discrepancies outlined in subparagraphs a.

Fact: Buildings assigned to the Disposal Division do not contain adequate covered space to protect material, which is deteriorating, and to permit an orderly material flow.

Rec: That the Chief, Bureau of _____ give favorable consideration and expedite the processing of the request for transfer of additional covered storage area to the _____.

Fact: Position titles used in the NAVPERS 576 (Manpower Authorization) are not the same as those shown in BUSANDA Instruction 5310.3.

Rec: That BUSANDA issue guidance to resolve the problem of different titles encountered in the preparation and submission of Manpower Listings (EXOS 5320-2).

Fact: Unmatched receipts and summaries for NSA and APA transfers between supply officers are excessive.

Rec: _____ continue to exert maximum effort to considerably reduce unmatched summaries and receipts.
_____ request permission from NAVCOMPT to adjust items that do not warrant further effort to match.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

APPENDIX D

POSSIBLE TYPE OF INSPECTION INDICATORS

POSSIBLE TYPES OF INDICATORS

Support Services

Physical inventory programmed and accomplished
Per cent of total work force covered by performance standards
Per cent utilization of Data Processing Equipment
Accuracy of transaction reporting

Inventory Management

Number of months FMSO funded stock on hand against FMSO target
Number of days required to take up receipts on stock records
Number of days backlog in Technical
Number of days backlog in Purchasing
Test of issue processing times against UMIPS standards
Effectiveness in locally controlled cognizances of material

Material

Test of stock record balances against warehouse quantities
Number of days required to process receipts of direct turnover material
Test of warehouse locator system
Number of months of material awaiting disposal based on previous years average monthly sales. Trend.

APPENDIX E

AREAS OF SELF-ANALYSIS

AND

INSPECTION GUIDE GOALS

AREAS OF SELF-ANALYSIS

1. Some of the areas that should be analyzed by the Supply Officer as a basis for informed management decisions are as follows:

a. Mission analysis

What common functions and similar material stocked exist with other local area activities?

What support is received from or given to other local area activities?

How does mission relate to all tasks performed and all support arrangements with other local area activities?

What is the Supply Officer's assessment of ranking order of importance of his duties, including areas as issues to fleet and movement of F&J material.

b. Inventory analysis

What are the characteristics of the activity inventory as distribution of active/inactive items, bulk/binnable items, Hi Value/Lo Value items, valid/invalid stock numbers?

c. Retail Store analysis

What are the characteristics of retail issue stores as number of SERVMART outlets, auxiliary, Ready Supply Store, supply issue effectiveness of each, number of personnel manning these stores, effective use of personnel?

d. Quality Control analysis

What are the characteristics of the data quality submitted to Inventory control?

Where are the problem areas in quality?

e. Space Utilization analysis

What storage relationship analysis has been made to arrive at balance in space compression versus ease of issue and inventory, use of premium space for premium purposes?

f. Issue analysis

What are the characteristics of local issue processing as innovations to adopt basic flow to local situations, delivery characteristics,

[illegible]

[illegible]

[illegible]

locator banks, customer comments (squadrons, ships, shore), actual issue processing time (excluding nonrepresentative exceptions, i.e.,"dogs")?

g. Workload and Backlog analysis

What are the characteristics of quantity and location of backlog as in issues, receipts, change notices, priority groups, departments, trend of backlog within priority groups, trend interpretation, receipt take-up time?

What have been the characteristics of productivity during peak workload periods, personnel shifting, other evidences of ability to do today's work today?

What are the characteristics of where workload lies, overhead and its contribution, applications of labor saving devices, and susceptibility of organizational units to procedures analysis?

What are the characteristics of F/J processing?

h. Follow-up analysis

What are the characteristics of follow-ups received; as related to obligations (are the obligations valid? Is stock on hand for issue?) extent of multiple exchange of communications in follow-up; dollar value of items being followed-up on?

i. AOCP

What are the characteristics of the problem (six month analysis of problem items)?

INSPECTION GUIDE GOALS

1. A brief forward to each section should state what we feel the primary product of the finction is:

Example. Receipt Control -- maintain current accurate data on material to be received and that has been received. Provide data and documents needed to receive and tranship material. Conduct follow-up. Accomplish receipt documents.

2. The line of questioning of the guide list should be to bring out conclusions on:

a. Exercise of imagination, courage and resourcefulness in resolving product problems.

b. Validity of data related to the product used internally and transmitted for external use.

c. Whether activity performance in developing the product is the best attainable with the resources available.

3. Questions should lead the inspector through areas to be reviewed rather than be specific inquiries to be asked of supervisors or employees. Yes or no questions should not be asked.

4. Compliance with BUSANDA Manual and Instructions should not be held up as the goal. The product of the function is the goal.

5. The number of questions should be balanced to the importance of an area within the function.

6. Questions should be limited to no more than 40 for a complex function and no more than 20 for a noncomplex function. Use fewer if possible.

7. General management questions as housekeeping, use of work measurement statistics, should be in a separate general section rather than in all functional sections.

8. The inspector should be led to validate activity reporting of standards of performance as receipt take-up time, issue processing time, inventory and locator accuracy.

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